presidents and was wonder the 1963 assassination with during the Texas oil and not recession.

Phantom of the Open ed in New York to Sense reviews after setting a base record of \$18 million in a ticket cales.

eticket sales. The New Yes critic Chive Barnes gave as description of the san massive. Frank Birth of he was although a shout many aspects of a hout many aspects of a hout many aspects of a critic life time at the sale we a terrible time at the sale was at it." However, at it." However, at it." However, we say the sale was a sal

of the Opera' but you'll have at it." Howard Kissel of a News, called it spenare tainment, "visually the manager of Revision property."

essive of British musical

Afters scattered Wednesday Britisb pilor Brian Man ted on a fairway in Brisbard ast leg of his effort to he light plane from Lowbe

ight plane from London to ey. Milton, who has be seed by crash landings since

ut from Britain two most

dly caused some dames; ose wheel of his light plane

mystery donor slipped to a Paris benefit Tuesday in

winning a sculpture by Cha

rench artist, and immedia ng it up for auction to bear harity sponsoring the gale-

Special Arts, a foundames d by the Kennedy family le

a compression in silver, to

ht by Ghaith Pharaon, a Sar

ian businessman, for 2000

s (about \$35,000). Very \$4

erts is chaired by Jem Im

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Page 6

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USA

co small lungry hatel in Landon's West End.

was uninjured. The crash a

Indict

Noriega

By Elaine Sciolino

New York Times Service

The prosecution's case against

General Noriega is expected to be

strengthened significantly by the restimony of José I. Blandón, who served as chief political adviser to General Notiega when the general

headed military intelligence. Mr. Blandon testified before the grand

Justice Department officials and

Mr. Blandón's lawyers declined to

Mr. Blandón, who was recently

dismissed by General Noriega as

jury in Miami oo Thursday.

comment oo the case,

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ESTABLISHED 1887

No. 32,636

PARIS, SATURDAY-SUNDAY, JANUARY 30-31, 1988

WEST BANK PROTEST — Palestinians burned tires and threw stones in Nablus on Friday. Israel, meanwhile, eased

restrictions in the occupied territories and punished some soldiers for excessive beating during Arab protests. Page 5.

# Memo to Meese Reportedly Cited Payoff

By Ronald J. Ostrow Los Angeles Times Service

Mr. Meese is said to have done cepted.

nothing about his knowledge of the But officials familiar with the

By Celestine Bohlen

a soldier in Afghanistan when he

realized that his war was different

from the one his family was hearing

The story he tells is about a bat-tle in Kandagara in 1984, when the war was not even called a war,

when Soviets bearing arms in Af-

ghanistan were not fighting but

Kiosk

**Italy Coalition** 

Wins 2 Votes

ROME (Reuters) — The Italian government Friday

won two votes of confidence

that it had demanded as the

only way to overcome opposi-tion to the 1988 budget. The

opposition was led by its own deputies.

The five-party coalition led-by a Christian Democrat, Gio-

vanni Goria, won the votes on

direct and indirect taxes by 353-180 and by 350-162. Four

small opposition parties boy-corted both votes. Two other

confidence votes on revenue-

raising measures were post-

'Côte d'Azur," a statuette

by Lalique for the inaugura-

tion of a train in 1929, was

part of a Paris sale. Source

Melikian reports. Page 6.

George Bush's version of his

role in the Iran affair conflicts

New high-tech export guide-

lines appear to please both the U.S. and its allies. Page 2.

Dow Close The Dollar

DM 1,6815

Pound 1.768

Yen 128.05

General News

with the record.

Up

poned until Monday.

about back in western Siberia.

MOSCOW - Valeri Burkov was

and "because relevant information

vance.' They did not go themselves

The Kandagara case was far from unique, according to Mr. Bur-kov and two other veterans who

recently met with several Western

reporters in the editorial offices of

our press distorts reality. It under-mines faith, faith in what is said

and what is written," concluded

Mr. Burkov, an air force navigator.

understood by many people back

See VETERANS, Page 2

secretary, told the annual World Economic Forum. "That would

make the adjustment process very much more difficult."

world markets should not be dis-

torted by erratic movements of ex-

change rates, said Arthur Dunkel.

director-general of the Geneva-

based General Agreement on Tar-

Yasuhiro Nakasone, the former

Japanese prime minister, said that

tension had eased since the collapse

of world stock markets in October.

crash again, the investors of Japan and other foreign countries will be bound to be much more cautious

1,000 delegates gathered in this Swiss ski resort for a weeklong

That could lead to "a further

depreciation of the dollar, higher

U.S. interest rates, and an econom-

Mr. Nakasone, who was prime minister for five years until November, called on the United States

to take further steps to stabilize the

dollar by encouraging savings and perhaps issuing U.S. government

He warned that the prospect for

this and coming years was for "con-

tinuous pressure of turbulence in

the political, economic and security

fields." It is very possible that there

might be "unforeseeable, dramatic

upbeavals both in the world econo-

A similar warning note was

sounded by James Howell, an eco-

nomics professor at Stanford Uni-

versity in California, who said that

Sée DAVOS, Page 17

my and in the security area."

bonds in foreign currencies.

ic recession," he warned.

"However, if the stock markets

iffs and Trade.

It is essential that competition in

As a result of the long blackout

"It was not pleasant to hear how

the weekly Ogonyok.

Officials of Bechtel Group, the huge San Francisco construction company that was bidding to build lman who was a partner Bechtel in the project.

It is not publicly known whether Mr. Wallach had any financial stake in the pipeline, which was never built. Mr. Wallach has apparently told U.S. officials that be sup-ported the pipeline as a means of agreed to cooperate with the U.S.

See MEESE, Page 5

they involve the delicate subject of foreign relations and impugn the integrity of respected foreign leadthe statement said. Mr. Meese's lawyers were not available Panama's consul general in New to provide details.]

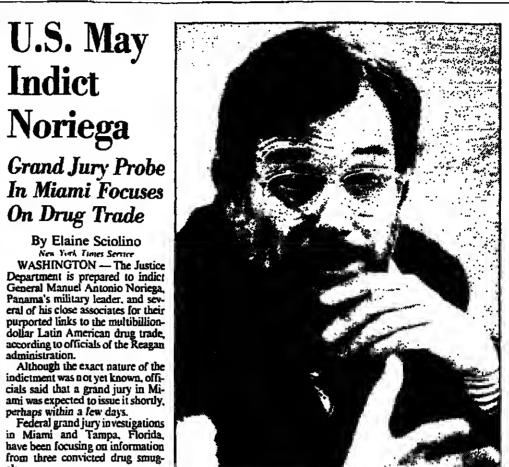
Yossi Gal, a spokesman for the Israeli Embassy in Washington, afthat unless the general removed himself from politics, be would dister checking with superiors, disclose what be knew about the genmissed the purported document as eral's involvement in drugs and "a wild fantasy that is not even arms smuggling, money laundering and the murder of an opposition worthy of comment."

Mr. Wallach's attorney, George G. Walker, who is preparing Mr. Wallach's defense in the fraud conspiracy for which he bas been indicted in New York, said, "I have absolutely no comment."

General Noriega for his help in drug deals and laundering money. bearing, the American smuggler, Stephen M. Kalish, testified under eath that, after presenting General Noriega with a briefcase containing \$300,000 in cash in September

1983. he "became a full-scale co-conspirator in my drug operation." Mr. Kalish, who is serving an eight-year sentence on an earlier conviction and awaiting sentencing

See PANAMA, Page 5



Javier Solana, the Spanish government spokesman.

## Sofia Slips in Rush To Please Moscow

By Jackson Diehl Washington Post Service

York, said in an interview this week SOFIA — During the 33 years he has ruled Communist Bulgaria, President Todor Zhivkov has loyally followed the lead of five succes-sive political chiefs in Moscow, both in sunny weather and in clouds," as he put it Thursday. Never before, however, has Mr. On Thursday, a convicted U.S. drig smuggler told Senate investigators that he gave "millions of dollars" in cash and kickbacks to

Zhivkov had a mentor like Mikhail S. Gorbachev.

Over the last several years, the Bulgarian has seemed to do his best to imitate the new policies emanating from Moscow: He has an-In a televised subcommittee nounced crackdowns on corruption, repeatedly reorganized the bureaucracy, launched a "radical restructuring" of the ecocomy and even allowed token touches of glasnost in his tightly controlled media.

The results, however, have been far from comforting for a 76-yearold man who prospered with the Kremlin of Leonid I. Brezhnev.

Mr. Zhivkov's new policies have been condemned both at home and abroad as confusing and incoherent. Moves toward decentralization

thousands of bureaucrats have been paralyzed in mid-transfer. Worst of all, Mr. Zhivkov's initiatives have apparently been received with some reservation by the Soviet leadership they were meant In October, the Bulgarian leader was called to Moscow for talks with

have caused production break-

downs in puzzled factories. As

wave after wave of reorganization

has alternately abolished and creat-

ed state ministries and councils,

### **NEWS ANALYSIS**

Mr. Gorbachev that Western diplomass interpreted as an exercise of Soviet supervision. In particular, analysts say, Mr. Gorbachev apie character of Mr. Zhivkov's measures as well as his fiery rhetoric about the need to scale back the role of the Communist Party.

As Mr. Zhivkov presided over a two-day party conference that ended Friday to clarify and repackage the new programs, Bulgaria pre-sented a striking example of the limits of the change Mr. Gorbachev is promoting in Eastern Europe and the growing problems that

even modest reform encounters.
On one hand, the Soviet promptings and subsequent shifts in policy suggest that Mr. Gorbachev seeks real economic reorganization in the region, but is insistent that the reform be exclusively controlled by

the ruling Communist Parties. Remarkably, Bulgaria's relative failure to promote more openness in public life or renovate its wizened leadership apparently con-cerns Moscow less than Mr. Zhivkov's daring suggestions about limiting party authority. At the same time, the troubles

Mr. Zhivkov has faced in introducing limited economic changes during the course of the last year, including the leadership's own confusion, have shown the staggering task East bloc reformers face in regions that, brought rapidly from agricultural backwardness to industrial development under the centralized Stalinist system, cannot easily adapt to an economy more personal initiative.

"People who have grown up in our ecocomy for 40 years cannot change overnight, and for that reason the reform encounters difficulties in a lot of cadres," the party's chief ideologist, Yordan Yotov, said, stating a theme underlined repeatedly during the conference.

Added a Western diplomat: "They didn't know where they were headed when they started the re-

See BULGARIA, Page 5

they go along."

## Basques Offer To Talk

### **But Spain Insists** On Truce Before Seeing Separatists

MADRID — Basque guerrillas offered for the first time Friday to negotiate a truce in their 20-year war for independence, but the Spanish government said a truce had to come before any talks. ETA, initials of the Basque

words for homeland and liberty, proposed a truce of up to 60 days if the Socialist government resumed talks broken off after a car-bomb attack killed 11 people in the family quarters of a Civil Guard barracks in Zaragoza in December.

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The government spokesman, Javier Solana, said the government was prepared to talk, but only after it is convinced that ETA has the will to end violence,

"We must not be fooled by maneuvers which may be propagan-da," he said. "The reality is the

He said the police defused a bomb planted under a policeman's car in Bilbao on Friday, hours after seizing two cars filled with explo-Mr. Solana, speaking after the

weekly cabinet meeting, rejected ETA's request that the talks cover political issues and its assertion that past talks had done so. Political negotiations, categorically, there have not been and there

will not be," he said, ETA said in its 3,500-word statement to the Basque newspaper Egin that talks should lead to an

agreement based on its demands.
Prime Minister Felipe González
bas said talks could cover only surrender and individual pardons for guerrillas. Basque politicians disagreed

over whether ETA's offer was a step forward or a trick. Some were quick to suggest that the government could reject talks publicly and embark on secret contacts.

"Even if they say oo, they will talk to ETA," said Javier Arzallus, head of the moderate Basque Nationalist Party.

The Basque conflict has cost more than 600 lives, and progress toward a solution would be a major success for Mr. González, who is expected to seek a third four-year term in elections due by 1990.

Others suggested ETA was under pressure because of French and Spanish pobce raids against its guerrillas and could be playing for time in order to reorganize. Interior Ministry officials said

they believed there were oo more than 70 active guerrillas left. But ETA said they underestimated its capacity to strike back.

Besides the aborted attacks reported by Mr. Solana, a gasoline bomb damaged a clothes shop of the French chain Darmat in Pamplona overnight, apparently in a protest over France's crackdown on ETA members and supporters across the border.

ETA said that if the government agreed on the goal of the talks in a preliminary meeting, it "would observe during a period mutually agreed and not exceeding 60 days a partial truce involving the provisional suspension of executions."

ETA bas rejected as insufficient the autonomy statute granted to the Basque region in 1979. Its statement Friday said a cease-

fire would depend on acceptance of ETA demands for Basque sovereignty, a general amnesty and with-drawal of Spanish security forces from the region.

Mr. Solana appeared to reject ETA's request that talks be held under the mediation of Algeria, which has agreed with Spain to give asylum to Basque guerrillas.

"We are grateful to Algeria for

its cooperation, but it does not go beyond cooperation," be said.

Mr. Solana said he could not say whether ETA had unanimously

agreed to offer a truce. Interior form, and they don't know now. Ministry officials say they believe They have tended to make it up as and older leaders who want to seize The indisputable leader of this a chance to negotiate before the police get the upper hand.

### tices Act prohibits U.S. citizens scribed the Wallach memorandum as the most serious allegation The 1985 memorandum was raised against Mr. Meese thus far

fulfilliog their "international as shots were-heard, they turned

htty."

back and ran toward us, yelling,
Mr. Burkov, now a 30-year-old 'shuravi, shuravi' — 'advance, ad-

limbs, sees the gap between what he because there were too few of saw and what the Soviet people them."

ghans. But to put it bluntly, there were only 10 of them, compared to a thousand of us. For the most part, ghanistan, the war is still barely

**Economy Forum Warns** 

On Currency Instability

further eruptions of exchange about investing in American finan-rates." Hans Tietmeyer, the West cial markets." he told more than

WASHINGTON - The independent counsel investigating At-torney General Edwin Meese 3d is

Messe from a longtime friend that is said to have cited a plan to bribe cording to government officials fascimilar work.

Messe from a longtime friend that is said to have cited a plan to bribe cording to government officials fascimilar work.

Messe from a longtime friend that is said to have cited a plan to bribe design that the sculpture to identify is said to have cited a plan to bribe design that the sculpture to identify is said to have cited a plan to bribe design that the sculpture to identify is said to have cited a plan to bribe design that the sculpture to identify is said to have cited a plan to bribe design that the sculpture to identify is said to have cited a plan to bribe design that the sculpture is said indictment for his role in a scandal involving government contracts to the Wedtech Corp., violated any laws in connection with the statement saying the report was false in important respects. But the statement said the subjects of the record could be recorded.

Mr. Meese is said to have done that the woman with the payoff plan was actually offered or act

reported payoff plan, the officials investigation by the independent is classified." said. The Foreign Compt Praccounsel, James C. McKay, de-

Afghan Returnees Resent Distortions in Official Media

veteran who walks on artificial

were told as one of the casualties of

"I heard on Soviet radio how an

operation had been carried out in

the Kandagara region by Afghan forces who eliminated 600 of the

enemy, captured a cache of arms,

"I listened and I thought, Some-

thing is wrong here. Yes, there was

an operation; yes, there were Af-

we were the ones doing the fighting.

The Afghans went first, but as soon

By Reginald Dale

International Herald Tribune

DAVOS, Switzerland - Gov-

ernment and business leaders ex-

pressed widespread concern over currency instability and the new

strains facing the world economy at

the opening Friday of a major in-ternational business conference

While many participants agreed

that the process of righting the world's economic imbalances was

already under way, they warned that it could be seriously threat-

ened by a new outbreak of protec-

tionism or financial and currency

"It is very important to avoid

tates," Hans Tietmeyer, the West

Japan's Surplus

Grew Last Year

- Japan's surplus in trade of goods

and services with the rest of the

world inched up to a record \$86.69 billion last year, from \$85.85 bil-lion in 1986, the Finance Ministry

The trade measure known as

current account, is broader than

the better-known balance of mer-

chandise trade. Current account

also includes trade in such fields as

banking, insurance and tourism, as

One of the main components of

Japan's surplus with the United

States, its main trading partner, is

cars, and Japan also announced

Friday that it was keeping its limit

on auto exports to the United

States at 2.3 million vehicles for the

next financial year. (Page 13).

well as interest and dividends.

opheaval.

said Friday.

the eight-year conflict.

from E. Robert Wallach, a San and said it had become the primary focus of investigators.
[The White House spokesman,
Marlin Fitzwater, said Friday that

["It is irresponsible to publish Going Home for Soviet Vets

the Iraqi pipeline, said last fall that Mr. Wallach was a U.S. representative of Bruce Rappaport, a Swiss



MEETING THE PONTIFF — President Daniel Ortega Saavedra of Nicaragua shaking hands Friday with Pope John Paul II at the Vatican. Meanwhile, Sandinist and contra negotiators ended their first set of direct talks in Costa Rica without reaching a cease-fire accord. Page 3.

## Coloring Belgium: No Bold Images

By Mary Blume International Herald Tribune

BRUSSELS -- Carlo de Benedetti's attempt to take over the Société Générale de Belgique has aroused a rare emotional display here because it is seen as yet another foreign invasion. "La Générale under the heel of the Italian boot," wrote the newspaper La Libre Belgique.

The Societé Générale, which is said to control as much as a third of Belgium's industry, is eight years older than Belgium itself; having been founded in 1822 by William of Orange as a development bank for the southern provinces of the Nether-

"La Générale is the only reminder we have of a national identity," says Jean-

Pierre De Bandt, president of the Coudenberg group, a Brussels think tank.

"Belgium is an artificial state - our identity lies in our component parts," Mr. De Bandt says. Belgium's lack of a national identity surpasses and predates the Fleming-Walloon rift in which both sides effectively nobble the nation and each other. Occupied by Romans, Burgundians, Spaniards, Austrians, French and Dutch, Belgium won independence, and a new name

only in 1830. The component parts do not add up to a whole. Although any Belgian will tell you that Belgium is not what it seems, no Bel-

contradictory terms the nature of what one of them calls belginude.

One self-description used by both Flemings and Walloons is middelmatisme, a word that is both self-denigrating and proud and that roughly translates as mid-dle or average. This is not a country of excess but of compromise - "a low quality of compromise, perhaps," says the Brussels financier Philippe Duviensart, "but a compromise without violence."

derived from an ancient indigenous tribe, The ceaseless conflict between Flemings and Walloons, Belgians point out, may paralyze the government and stifle the economy, but it doesn't cost lives. We are not Northern Ireland or Corsica or Spain. gian can tell you what it is or can define they will say. Belgians often talk of themwith less than a handful of floppy and selves in terms of what they are oot.



The lack of identity, the low profile that middelmatisme suggests, has its good points — a lack of chauvinism, a cultural See BELGIUM, Page 5

## **High-Tech Export Pact:** An Exercise in Unity

## Both the U.S. and European Allies **Appear Pleased by New Guidelines**

By Joseph Fitchett

International Herald Tribune
PARIS — In a rare display of trans-Atlantic unity on the issue of technology controls, U.S. and European officials said Friday that Western nations and Japan have injected fresh determination into their embargo against high-tech sales to the Soviet Union.

The Coordinating Committee on Multilateral Exports, or COCOM, meeting this past week, sealed an accord covering tougher law en-forcement against smugglers, a shorter list of sensitive technology and freer high-tech trade among the Western allies.

Capping a series of deals over the last six months, the COCOM meeting at Versailles, near Paris, was a political success that will help prevent the technology embargo from becoming entangled in other trade

#### **NEWS ANALYSIS**

frictions, particularly in the U.S. Congress, the officials said. The Reagan administration and

the allies want to head off congressional moves to impose unilateral U.S. sanctions on foreign compa-nies that violate COCOM rules. European governments are eager to see the United States liberalize

its licensing rules among allies after five years during which trans-At-lantic trade seemed threatened by the technology quarrel.
Western solidarity also has polit-

ical weight, officials said, against export lobbies in Japan and West Germany that seek looser technology restrictions.

They said the Reagan administration is anxious to ensure that the

technology embargo does oot crumble in an era of relaxed East-/est tensions. Many personal computers, for To help strengthen COCOM, the example, have now been cleared for

Reagan administration has im- export to the Soviet Union. This posed at least the surface appear- change answers a long-standing deance of unity on the departments of mand by European governments, Commerce and Defense, which which have accused the Reagan adhave disagreed on the issue, and has urged European governments to be more outspoken.

winter market makes the ministration of throttling trade.

A second part of the COCOM bargain involved giving more pub-

A U.S. official who was at the licity to the Western campaign to meeting said, "It's a domestic risk halt technology leaks. for European governments to explain this sensitive issue, but it's a has feared Communist charges of bigger political risk for them with harming East-West relations and the U.S. Congress to be silent,"

gation, led by John C. Whitehead, the deputy secretary of state, said

## South Africans Keep Pressure on **Angolan Troops**

LUANDA, Angola - South African planes and artillery launched over 40 attacks in southern Angola from Jan. 14 to 26, threatening government positions in three prov-

inces, Angola said Friday.

Meanwhile, Chester A. Crocker, U.S. assistant secretary of state for African affairs, conferred in Luanda with Angolan officials on ways to achieve independence for Sonth-West Africa, which is controlled by South Africa and from which South African forces are launching their

A Defense Ministry spokesman said South African forces, backed by fighter planes, howitzers and armored cars, kept Angolan troops under pressure in the three southern provinces of Cuando-Cubango, Hulla and Cunene. The spokesman gave no details of casualties on ei-

Western diplomats said the fighting was likely to hamper Mr. Crocker's efforts to obtain a commitment from the Angolans to send home an estimated 35,000 Cuban troops. Most of the Cubans occupy a defensive line stretching inland from the port of Namib, about 120 miles (200 kilometers) north of the South-West African frontier.

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ZURICH INTERNATIONAL PROTESTANT CHURCH, English specialing, Sundays 11:30 c.m., Schenzengesse 25. Tel.; (01) 69 55 25. - Charles

that the Kongsberg case in Norway and the Toshiba case in Japan had sown doubts in Congress about the allies' loyalty and the effectiveness of COCOM. The cases involved the sale to the Soviet Union of computerized equipment for making ultra-quiet submarine propellers

Better cooperation — for exam-ple, an exchange of information among governments about suspicious applications for export li-censes — could head off U.S. congressional proposals for sanctions against friendly nations.

In addition, the officials said, the United States needs to obtain European cooperation on technology controls as European Community members start eliminating trade barriers and creating a miffied market in which a lax country could not be singled out for U.S. reprisals.

COCOM, which was set up to supervise a Western embargo on high-technology transfers, is made up of Japan and the 16 member nations of the North Atlantic Trea-ty Organization, except Iceland. Key features of the new CO-

COM posture — a shorter list, tougher enforcement and freer trade between the allies — are par-ticularly visible in France, which guards its own technology but has often appeared reluctant to cooperate with the United States.

The first cuts in the COCOM list of embargoed technology will ap-pear in the French government's official guidance to exporters due to be published within a week. After several years during which

the COCOM review process was blocked by U.S. demands for better military scrutiny, the list, officially known as the Controlled Commod-ities List, started to be overhauled

The French government, which he U.S. Congress to be silent."

Gaullist allegations of knuckling under to U.S. pressure, has approved a brochure warning French husinessmen about the government's crackdown oo technology

muggling.
The brochure describes a new nationwide computerized police and customs network for checking suspicious shipments.

In addition, France is prosecuting five businessmen accused of smuggling West German electronics to the Soviet Union. Officials said the case would end a legal debate about whether foreign technology - not just French technology -is covered by French embar-

Another feature of the COCOM compromise was a U.S. pledge to sell technology more freely to allies that have the legal machinery to

This commitment is due to be tested next week when the Reagan administration sets terms for providing advanced radar technology for French-made fighters.

Although the radars are classified military equipment, not com-mercial products of the kind that concern COCOM, the Defense Department has held up sales in order to force European nations to comply with wider U.S. views on high

#### **Syphilis Cases** Up 30% in U.S. The Associated Press

ATLANTA — There were 30 percent more syphilis cases reported in the United States last year than in 1986, reaching the highest

level since 1950, according to the U.S. Centers for Disease Control. While the rate among heterosexuals increased, the centers reported Thursday, there was a drop in cases reported among homosexual men, which the centers attributed to lifestyle changes prompted by the spread of AIDS.

In 1987, there were 35,398 reported cases of syphilis, or 14.7 cases per 100,000 people. In 1950, involved in really was a war that 16.7 cases were reported per left Soviet men dead or wounded. 100,000 people.

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minesweepers from West Germany, Belgium, Norway, Hol-

MINESWEEPERS ON THAMES - A squadron of NATO land and Britain, passing Friday under Tower Bridge in London. The warships put into port for a three-day visit.

## U.S. Joint Chiefs Forgo a Deal on INF

By John H. Cushman Jr. New York Times Service

WASHINGTON - In a departure from their practice with previous arms-control treaties, the U.S. Joint Chiefs of Staff are not demanding compensation in the form of new weapons as a condition for endorsing the treaty banning intermediate-range missiles.

Instead, the military leadership is saying that the INF Treaty is sound militarily —a much stronger endorsement than it gave previous arms-control agreements.

In Senate committee hearings this week, the military continued to call for additional spending on new weapons after the treaty takes effect. But senior officers are carefully describing their endorsement as unconditional in an effort to prevent the treaty's critics from scuttling it with binding conditions.

Pentagon says it badly needs. Senior officers apparently fear that tic Treaty Organization without se- delivered nuclear bombs. curing long-sought new weapons.

weapons, including the B-1 bomber and the Trideot submarioe-

Likewise, when President Jimmy Carter unsuccessfully sought Sen-ate approval of the second arms treaty in 1979, SALT-2, the military won a pledge that the Penta-gon could deploy the MX missile. The Carter administration also laid the groundwork for a broad military spending increase, but it left office before the money was appro-

Military leaders have offered several reasons for not attaching conditions to the INF Treaty. Admiral William J. Crowe Jr.,

the chairman of the Joint Chiefs In the face of budget cuts, the and the senior military adviser to military leadership might have President Ronald Reagan, has tesbeen expected to use its endorse-tified that the military's coocers ment as a convenient bargaining about the treaty itself were all fa-tion to trade for weapons that the

The Joint Chiefs' main areas of concern were the treaty's verificadirectly tying the treaty's ratifica-tion provisions, the inclusion of So-tion by the Senate to further arms viet missiles deployed in the Far viet missiles deployed in the Far investments could scuttle it and East, and the exclusion of French therefore damage the North Atlan- and British missiles and aircraft-

gie arms treaty was signed in 1972, dorsed by the Joint Chiefs, also has Senator John W. Warmer of Virgin-the Joint Chiefs made clear in the expressed pleasure about the fact is. "We're disturbed about the balpublic debate that their endorsement was conditioned on acceptance of a package of oew nuclear compared with 400 U.S. warheads.

Treaty is completed we're still gottomer to be disturbed about it.

Most important, military experts have testified, is the military's view that the allies are welcoming the accord. The favorable response in Europe, they say, may well lead to a stronger consensus there in favor of future military programs. Some senators, skeptical of the

treaty, have proposed to amend it without conditions, the Joint

Basie asymmetries still exist,"

tage and its ability to reinforce land Secretary Frank C. Carlucci wheth-and air forces from the U.S.S.R., er the new treaty, or a future agreeand the major quantitative advan-tages it maintains in essentially every category of offensive forces."

ers said in testimony, the treaty must not be directly linked to redressing any perceived imbalance. such a condition would be a "killer "The improvements that we are

and British missiles and aircraftdelivered nuclear bombs.

Admiral Crowe, who said his

Admiral Crowe told

advocating, and we strongly suggest, are not conditioned on the
ment as extremely undesirable," he
said.

They're separate and distinct.

said, "the support that the JCS has given this treaty contains no condi-

"No conditions," the admiral responded.

Even while endorsing the treaty The Pentagon has not backed away from its contention that the Warsaw Pact has been gaining on NATO in military capabilities.

"Basic asymmetries and more modeler missiles with ranges just short of those covered by the oew treaty.

Senator Carl Levin, Democrat of said a Pentagoo report delivered to Michigan, the chairman of the Congress this week, "because of the Armed Services subcommittee on Warsaw Pact's geographic advan- conventional forces, asked Defense At the same time, military lead-status or to some progress in conventional arms control?

> Mr. Carlucci responded that amendment."

## A Smooth Start for Seoul's New Leader

By Fred Hiatt

SEOUL - President-elect Roh Tae Woo has moved adeptly to consolidate his authority and pergime will inaugurate a more demoeratic era, according to both supporters and opponents here.
Mr. Rob is a month away from taking over in South Korea's first peaceful transition of power.

Mr. Roh, the ruling party leader and a retired general, has gone out of his way to behave differently from what Koreans have come to expect of their leaders and retired senior military officers.

From the moment of his victory on Dec. 16, when be banned ostencontinued to hone the "ordinary man" image that helped elect him.

The substantive tests of his sincerity lie ahead, and many Koreans remain skeptical of his commitskeptics praise his largely symbolic decisions so far, such as inviting the Opposition le

home. This has posed a special bur-

den for returning Afghan veterans

— Afghants; as they are called —

who sometimes have to convince

their audiences that what they were

An article in the weekly maga-

Washington, D.C. 20035,

ed in other countries, i.e. Saudi Arabla, Bahrain, U.S.A., Israel and most countries around the world. All matters treated

Note: The only place worldwide where you can obtain a quick legal divorce is in the Dominican Repub-tic. Our information may prevent a decision that might further compli-cate your life.

confidentially.

"He's smart, he's doing the right gime. things, be hasn't backpedaled on any of his promises," a Western

suade South Koreans that his re-diplomat said. At Mr. Rob's party headquar-ters, aides are well aware that the high ground on the one issue the opposition could always claim, major challenges are yet to come.
"So far, so good" is as far as a spokesman, Koo Chang Lim, will The fast-growing

> Indeed, the handicaps Mr. Roh carried on election night remain. He is a minority president, elected with 37 percent of the vote, assuming office amid rising economic

and political expectations.

He has promised to change the fundamental oature of the nation's tatious celebrations and rejected a politics, ending a tradition of mil-bullet-proof Cadillac, Mr. Roh has tary-dominated rule. In doing so, he must satisfy his impatient critics on the left without unsettling too greatly his suspicious and recalci-

trant supporters oo the right. ment to democracy. But even the of what many predicted for him

speak at schools, and were warned

before the lectures: 'For God's sake, doo't say that it is bloody

"Knowing the oumbers will oot

Now, as the war enters its final

phase, veterans are becoming in-creasingly vocal. In the new era of

openness, the press is assisting with stories about the difficulties of

their readjustment to civilian life.

Afghan war songs, once forbid-den, are now released on records.

Local clubs, and now a national organization, have been formed to

lobby for veterans' rights and to

raise money for a monument hon-oring Soviet dead in Afghanistan.

As a result, the war, once a distant rumor punctuated by occa-sional tales of epie bravery, is com-

ing brime in a way it never has before. Both veterans and civilians

go through all this?"

are beginning to grapple with some of the basic questions like, as Capsons with Vietnam, first because of tain Sokolov put it, "for what did I their view that the war in Afghani-

make it easier for anyone," said Captain Sergei Sokolov, an air

But Mr. Roh is already far ahead leaders to the ruling party, choos-

while promising to keep his rela- ing by citizens who considered him ering up the torture death of a stua cog in the current unpopular re- dent activist.

> and Mr. Roh has managed to keep Partly. Mr. Roh has been lncky.

has stayed tactfully in the shadows and the opposition is paralyzed. But more than luck is at work, several observers said. "He's doing everything he can to show he will keep his promises," said a newspa-

retariats. He has appointed new his aides have suggested.

opposition into his government tion would spark a popular upris- has been arrested for allegedly cov- ty.

Soviet intervention.

in 1917, "when we were building a new society, that is, a civil war."

came to naught," he said. "I am not

able to judge that. Just let the Afghans decide their fate: If it is a

socialist system, fine; if not, fine."

Captain Sokolov remained con-

vinced of the Soviet Union's good

intentions in going into Afghani-stan to help the Kabul government. But Mr. Burkov added: "Our gov-

ernment did not want what ended

up happening. Namely, that it would go on for eight years."

stan was well-intentioned, secondly

"I would not say our efforts

ing men with "soft images" and no military past.

Strife in the spring, when newly active unions claim a larger share

gime.

Instead, the opposition remains adrift, demoralized and divided, and Mr. Roh has managed to keep wounds of South Korea's turbulent the high ground on the one issue political past, including those the opposition could always claim, caused by Mr. Chun, Mr. Roh and

project an image of a man willing to listen, in stark contrast to the The fast-growing economy remains strong, the Olympics in September are shaping up to be the biggest ever, President Chun Doo Hwan Mr. Roh will face difficult te stiff, lecturing style that most Ko-Mr. Roh will face difficult tests soon after his inauguration.

He has promised a sweeping amnesty for political prisoners. He also has promised that his party will field a slate of new-breed politicians in National Assembly elections expected to take place in Mr. Roh has promised to trim
March or April. But be will offend
the imperious staff of the presidenmany influential people if he drops the imperious staff of the presiden-tial Blue House from 10 to six sec-half of the party's incumbents, as

Mr. Roh is certain to face labor Opposition leaders said his elec- A former national police chief of South Korea's growing prosperi-

## VETERANS: Soldiers Resent Soviet Press Image of Afghanistan War

zioe Smyena recently described ers, in newspaper articles and in "people don't blame us for the how the first veterans were told to private homes. As Soviet diplomats make the war sound almost pleasintensify efforts to bring the esti-

mated 115,000 troops home, the lems common to all soldiers compublic is apparently being prepared ing home from wars. They said life for a national debate over the war. at home seemed disjointed, without The three Afghan veterans ech- values, without the friendship that sake, doo't say that it is bloody oed what appears to be the com-there; you know, so that there moo line: that Soviet troops were world divided between those who binds people in battle. They see a won't be any talk about people dy- sent into Afghanistan before local shared their experience and those conditions were fully understood; who did not

The number of Soviet dead in Afghanistan is sull unknown.

Afghanistan is sull unknown.

Western estimates put the figure at for the rebels contributed to progrief war brings, but many people do not know this and think that it is all some kind of joke," said Caplonging the conflict just as much as Asked what is likely to emerge in Coming home, the veterans complain about their first encounters

Afghanistan after a pullout of Soviet troops, Captain Sokolov, 29, said, "probably the same thing we had" after the Russian Revolution with "negative phenomena," a cat-egory of social ills. Anatoli, the veteran made fam-

ons by an article in Komsomols-kaya Pravda two years ago, told investigators he was appalled by the materialism he saw, speculators and black marketeers. He orga-nized a group of like-minded veterans to clean up society. "When people come back from there, these negative influences

jump right out at them, for instance the indifference that hides behind documents and paperwork," Cap-tain Sokolov said. "Sometimes you just feel mean, you want to grah them and kill them.

"And in the end there is a kind of man said that recovery of selected"

"And in the end there is a kind of man said that recovery of selected"

intense feeling an unpleasant taste parts of the wreckage of the Boeing in your mouth. For what did I go 747 jet is not expected to begin through this? Why can't people unutil May or June.

## China Weighs Extensive AIDS Tests

BEIJING (AP)—Zeng Yi, the head of China's AIDS research efforts, has called for regular and widespread blood testing to ensure that the disease does not spread among the nation's one billion people, the China Daily said Friday. It was the first time widespread testing among Chinese has been suggested publicly.

WORLD BRIEFS

Iraq Claims It Hit Another Gulf Shin

DUBAL United Arab Emirates (Reuters) — Iraq said its planes his another ship in the Gull on Friday as a tugboat company denied reports that two crewmen were killed on one of its vessels in an earlier lead

strike.

A military spokesman in Baghdad said Iraqi jets had raided a large naval target, a term for a tanker or cargo ship, off the Iranian coast. The last confirmed hit, the sixth by Iraq this month, was on the 225,668 time Cypriot tanker Coral Cape on Wednesday.

The Singapore company SEMCO, which contracts tags to Iran, denied that one of its vessels had been hit and that two crewmen had been killed during the raid on the Coral Cape. "I am in touch with our ships." a SEMCO official said. "There is oo hit."

The newspaper also said that the government has suggested that Chinese who have been abroad for more than a year should undergo a test for acquired immune deficiency syndrome when they return it did not give details of how such tests would be conducted or whether they would

se mandatory.

Foreigners who come to China for more than a year already are required to undergo AIDS tests before they can receive residence permits.

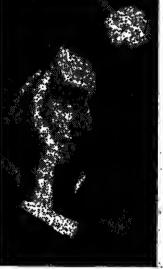
Salvador Appeals Order to Free 3

SAN SALVADOR (Reuters) — Three men suspected of billing 13
persons, including four U.S. marines, will remain in prison while their
court-ordered release is appealed to the Supreme Court, the Salvadosar

The three were to be released on Friday after a military court decision to grant them amnesty under the provisions of a Central American peace accord. The United States has threatened to cut \$18.5 million in aid to Ft Salvador if the three men, who have been held without trial are released.

The military court ruled that the 13 deaths, which occurred in a machine-gun attack on a cafe in 1985, were a result of a political act. After the military court ruling, Attorney General Roberto Giron Flores said he would file a motion with the Supreme Court to dismiss the animosty. He contends the attack was a common crime. The three men can be held for up to 15 days after the case goes to the Supreme Court.

#### Re-election Seen for Finnish Leader



Mamo Koivisto

HELSINKI (AP) — President Mauno Koivisto of Finland peared assured of re-election fora second six-year term noot week as his closest challenger, Prime Mins-ter Harri Holkeri, pledged to sup-port him in the case of a rimoff

Under new voting rules, a candidate can be directly elected if he wins a majority. If not the content is to be decided by 301 electors who are chosen on a separate ballor. Four million Finns are eligible to vote in the elections Sunday and Monday, but experts predicted a low turnout of just over 70 percent because of Mr. Korvisto's clear

"I will encourage my electors to vote for the most popular candi-date if I'm knocked out," Mr. Holkeri, of the conservative National Coalition Party, said Thursday in a televised debate among the five

## Greek and Turkish Chiefs to Meet

ATHENS (UPI) - Prime Minister Andreas Papandreon of Greeke flew to Switzerland on Friday for what diplomats called a historic meeting with Prime Minister Turgut Ozal of Turkey.

Officials said the two prime ministers, bitter rivals over Cyprus, exchanged messages for 10 months before agreeing to meet this weekend

at Davos, about 75 miles (120 kilometers) southeast of Zunich. It will be the first face-to-face encounter between Greek and Turkish heads of government in 10 years. Apparently in a bid to avoid raising excessive hopes about what may emerge, the semiofficial Athens News Agency played down the meeting saying it would be held "in the margin" of the World Economic Forum. But diplomats said the Papandreou-Ozal discussions would overshadow

## other meetings at the forum, an annual gathering of political and economic leaders organized by a Swiss company.

their regime.

Most of all, he has continued to Ecuador Gets New Interior Minister. QUITO, Ecuador (Reuters) - Two days before national elections, President León Febres Cordero on Friday named Heinz Moeller Freile, a lawyer and former congressional deputy, as the new interior minister, to-succeed Luis Robles Plaza, who resigned amid allegations of human

> Mr. Robles Plaza resigned Thursday. He previously had defied a congressional resolution urging him to resign for allegedly violating the

> rights of political prisoners.
>
> In a television address, Mr. Robles Plaza said he was ending his political career because be did not want to cast a shadow over the elections Sunday, in which Ecuadorans are to vote for a president, vice president and 71 deputies.

## TRAVEL UPDATE

## Italy Expects New Series of Strikes

ROME (AP) - Travelers braced for a new series of strikes by railroad and airport workers this weekend in the wake of disruptions during the

Station personnel announced a 24-hour walkout aimed at disrupting railroad service in protest against management plans to reduce the work force and close some branch lines. At the airports, a three-hour strike Friday by ground personnel forced Alitalia to cancel 88 of its 470 daily Finday by ground personnel forced Alitana to cancel 60 of its 4/0 using flights. The workers are locked in a dispute with management over the renewal of their contracts and have been striking off and on for weeks.

Belgian air controllers resumed work Friday after 11 days of internal.

tent walkouts that disrupted international traffic, a spokesman for the Belgian airways administration reported. An Amtrak train carrying about 100 passengers struct a maintenance vehicle and derailed early Friday about 15 miles (25 kilometers) south of Philadelphia, injuring at least 24 persons. Fraffic was delayed throughout the busy Boston-Washington rail corridor.

(AP)

## South Africa Jet's Wreckage Found in Sea off Mauritius

By William Claiborne Washington Post Service
JOHANNESBURG — The

The Department of Transport in Pretoria said that the "debris retoria said that the debris field," extending 1,400 feet along the seabed at a depth of 2.7 miles (4.4 kilometers), had been located by special sonar scanning equipment provided by the U.S. Navy.

search for the homing radio signal given off by the recorders was given up after its batteries failed about 30

wreckage of a South African Airways jetliner that crashed in November, killing all 159 on board, was found Friday deep in the Indian Ocean north of the island of Mauritius.

up arter its batteres raised anomal ways after the crash.

A transportation official said there could be another undiscontrated debris field, depending of how the plane broke up on simpact. The aircraft went down shortly

before it was scheduled to land it.

Mauritius to refuel on its flight
from Taiwan to Johannesburg. The captain radioed the Mauritius air traffic controller that their was smoke in the cabin. The could tion of debris and the harmon mains previously found that they had the captain that there had the captain that they had the captain they had the captain they had the captain they had the captain they had they ha "And in the end there is a kind of itense feeling, an unpleasant taste parts of the wreckage of the Boeing 1 your mouth. For what did I go 747 jet is not expected to begin irough this? Why can't people ununil May or June.

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It is a question posed openly because they said their soldiers now, at the Ogonyok evenings where veterans are popular speak.

Searchers did not find the cock the use of a French-built when it is difficult to understand that for them it is difficult to understand where veterans are popular speak.

Searchers did not find the cock the use of a French-built which with them it is difficult to understand could explain what caused South Africa's worst air disaster. The Africa's worst air disaster. The North Atlantic

**TOPICS** Big Studios Survive

**MERICAN** 

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WASHINGTON

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n held without trial are the 3 deaths, which occurred are a result of a political at a ral Roberto Cirón Florese ic. The three men can be less Supreme Court

Finnish Leader HELSINKI (AP) - Proje auno Koivisto of Finland: ared assured of re-elections cond six-year term nen ver closest challenger, Primel-Harri Holkeri, pledged to: of him in the case of the

Under new voting rules, ac te can be directly closed ins a majority. If not theme to be decided by 301 eleance chosen on a separate he ur millioo Finns are dielle te in the elections Sunday enday, but experts prefer turnout of just over 70 per cause of Mr. Koivision &

'I will encourage my dram te for the most popular of te if I'm knocked out." Mr. H. i. of the conservative Nac alition Party, said Thursday evised debate among the k

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from his televised confrontation with the CBS anchorman Dan Rather on Monday night, he also paid a price.

The live interview intensified the debate over Mr. Bush's role in the Iran-contra affair, a role that remains an issue he cannot seem to put to rest 15 months after the randal empted.

Mr. Bush has said repeatedly

that "all the questions have been answered," and two weeks ago his kesman said that, as far as the Bush presidential campaign was concerned, the issue was "essential-

On Thursday, however, Repre-sentative Lee H. Hamilton, Democrat of Indiana, who was chairman of the House Iran-contra commitice, said that the vice president's position throughout the period when the Reagan administration was selling weapons to Iran "re-mains unclear" and that "as long as it is unclear, it will continue to be:

Here are some of the major ques-tions concerning Mr. Bush's role, and summaries of what is known.

Why does the issue continue to In a number of areas, the documents of the Iran-contra affair conflict with Mr. Bush's recollection of

Mr. Bush says he has provided answers to all the questions, but it is clear that his political opponents and some others have not found all

his explanations satisfactory.

All this is particularly bothersome for Mr. Bush's presidential campaign because he is running for office on his assertion that he has served as an effective leader at the highest levels of government and has been a major figure in the Reagan administration.

What is the major area of controversy?

**AMERICAN** 

**TOPICS** 

**Big Studios Survive** 

**Hollywood's Changes** 

Hollywood changes all the

time, but the major studios sur-vive, notes Aljean Harmetz in

The New York Times: "Like

chameleons, they adapt to each decade — changing ownership, shedding their sound stages,

producing television series for

the perworks and building vid-

very different from those myt

ological creatures that con-

trolled popular culture 50 years

ago. But they still carry the

same names — Metro-Gold-wyn-Mayer, United Artists, 20th Century-Fox, Paramount,

Warner Bros. Columbia and Universal." And they still con-

trol most of what goes on in the

All the big studios are con-

glomerates, or are owned by conglomerates. Paramount is

part of Gulf & Western Inc.'s

Entertainment Group," along

with Madison Square Garden, the New York Knicks basket-

ball team and 894 film theaters.

And 20th Century-Fox, con-

trolled by Rupert Murdoch, the

press magnate, has started a

television network. MCA, the

parent company of Universal, holds 50 percent of the huge Cineplex Odeon theater chain.

Warner Communications

shares ownership of the MIV and Nickelodeon cable televi-

sion channels. It is buying a 50

percent interest in 454 of Para-

mount's theaters. Amusement

parks bring Disney most of its revenue Columbia Pictures En-tertainment, controlled by

Coca-Cola, also comprises

When S. Brian Willson, pro-

testing weapons shipments to Central America, sat on railroad

tracks leading to a naval arma-

ments station near San Francis-

co on Sept. 1, a train ran over

him, severing both legs below

the knees. He is learning to use artificial legs and has filed a

Loew's Theaters.

Short Takes

film industry.

"The studios of the 80s are

co-cassette companies.



Vice President George Bush pausing for a drink of water before answering a question during a forum in Pierre, South Dakota.

The largest area of ambiguity Hamilton said in a television interminations of it." He has also said discussed in just those terms. Mr. centers on when the vice president realized that the United States was involved in exchanging American arms for the release of hostages being held in Lebanon by Islamic fundamentalists sympathetic to

Though he attended numerous meetings where the sales were discussed, Mr. Bush, a former director of the Central Intelligence Agency who was no stranger to covert operations, asserts that he did not realize that the deal was arms for hostages until late December 1986. That was almost two months after the affair had spilled into the press and a year and a half after the

program had been conceived. Of Mr. Bush's insistence that he did not know earlier of the armsfor-hostages nature of the deal, Mr.

compensation claim against the

navy. Now Mr. Willson, 46, is

being sued by three civilian

members of the train crew for

intentional neglect and inflic-

tion of emotional distress. "Un-

believable," said Mr. Willson's

lawyer, Thomas Steel. The

plaintiffs and their lawyer had

no comment beyond the lawsuit

The Internal Revenue Service

is working on ways of finding the

ports to report their current ad-

dresses. Other methods yet to

be disclosed are under consider-

view Thursday, "The evidence is he was "denied information" on the sales, was "deliberately exclud-

Was Mr. Bush kept informed about the Iran arms sales as they were under way?

Mr. Bush acknowledges that he knew the United States was selling arms to Iran and that he supported the plan, which was presented initially as a way of reaching out to Iranian moderates, almost from the moment the program was conceived in the summer of 1985. But he appears to have changed his position on whether his knowledge American hostages? was scant or detailed.

Asked in early 1987 when he had learned of the sales, he said: "I

ed" from key meetings and was out of the loop." But earlier this month, when oth-

er presidential candidates and the news media began focusing on this issue again, he said, "I knew a lot, but I don't know whether I knew everything."

When did the vice president realize the arms sales were actually part of an exchange: missiles and other weapons in return for the release of

On this question, the record includes several conflicts. On some occasions, records show, the vice can't recall. I don't know that I had president attended important wanted a dialogue with the United a specific role in making any deter- meetings where the program was States and 100 TOW missiles, in after that meeting, Mr. Bush met tain reservations" about "certain

Bush or his aides say they do not think he was there, but even the meetings Mr. Bush has acknowleged he attended could have given him a great deal of information, enough to prompt Mr. Hamilton to say that the evidence does not sup-port Mr. Bush's assertion that he did not know. "I wish with clairvoyant hindsight that I had known were trading arms for hos-

tages," Mr. Bush said last spring. A White House log says Mr. Bush attended one of the first meetings, on Aug. 6, 1985. At that meeting, according to the congressional report on the Iran-contra affair, Robert C. McFarlane, then the president's national security adviser, "reported that the Iranians

not think he was there. Mr. Bush did attend the presi-

dent's daily national security briefings, and through 1986 the Iran program was discussed at most of these. But Mr. Bush says the discussions were usually cursory. Mr. Bush missed a key meeting,

at which the program was debated in detail, on Dec. 7, 1985, when he was at the Army-Navy fontball game. But Rear Admiral John M. Poindexter, a former national security adviser, testified before the hostages, "to get those hostages out congressional committees that he of there." probably" briefed Mr. Bush when the vice president returned. Mr. Bush was at a meeting on

Jan. 6, 1986, at which Admiral Poindexter presented a new intelligence order, a "finding," authorizing the arms sales. And the records indicate that the vice president also attended a meeting the next day at which Secretary of State George P. we went out that the president, the vice president" and others supported the operation while he and Defense Secretary Caspar W. Weinberger opposed it.

But early this month Mr. Bush said he did not recall "any strenuous objections" at the meeting, and suggested that he might have arrived late. Last summer he said, "If I'd sat there and heard" Mr. Shultz and Mr. Weinberger "express op-position strongly, maybe I would have had a stronger view." He made the same points in his heated exchange with Mr. Rather on Mon-

Was Mr. Bush given any later evidence that the deal was arms for hostages?

gressional committees that Mr. in the arms sales as a kind of mid-Bush had been at the meeting, but dle man. Notes of the meeting tak-Mr. Bush's aides have said they do en by Craig Fuller, Mr. Bush's chief of staff, say Mr. Nir talked about "whether we would continue to press for release of the hostages

prior to delivering the items in an amount agreed to previously Mr. Bush has said that he just listened to Mr. Nir and that the

Underlying all this is Mr. Bush's repeated statement that he supported the Iran arms sales because of his concern for the American

Still, he says he did not realize the arms were being sold to Iran in exchange for the hostages until Senator David F. Durenberger, Republican of Minnesota, who was investigating the matter, told him on Dec. 20, 1986, six weeks after the affair had emerged into public

Mr. Bush wrote in his recent Shultz forcefully argued against the autobiography that after the Dec. arms sales. In congressional testimony last summer, Mr. Shultz said that "I had been deliberately exthat "it was clear to me by the time cluded from key meetings involv-we went out that the president, the ing details of the Iran operation."

What role did Mr. Bush play in forming the policy? What advice did he give the president?

By Mr. Bush's own account, he was a solid supporter of the arms sales but sat mute through all the meetings at which the Iran initiative was discussed.

"I don't speak up in these" White House meetings, Mr. Bush said last March. "I haven't done it for six and a half years. I'm out going to start oow.

Mr. Bush, who declares that any advice he has for the president is a private matter, refuses to say what specific advice he gave in this case, and Mr. Reagan supports him in that refusal. But Mr. Bush has said On July 29, 1986, six months repeatedly that he did express "cer-

Bush and the Iran-Contra Affair: Documents Conflict With His Version of Events return for which four hostages with Amiran Nir, the counterintel-aspect:" of the program. He was would be released." Last year Mr. ligence adviser to the Israeli prime concerned, he said, about Israel's McFarlane testified before the con- minister who was heavily involved role in the arms sale and about the possibility that the covert program would be exposed.

Was Mr. Bush or anyone in his office involved in or aware of the covert program run by Lieutenant Colonel OLiver L. North, an aide with the National Security Council, to resupply the contras with some of

Mr. Bush says he knew nothing about it, though at least one person in his office, Donald P. Gregg, the vice president's national security adviser, did

But a memo from the vice president's office setting an agenda for a future meeting, which was held May 1, 1986, and involved Mr. Bush and Felix Rodriguez, said the two were to discuss "resupply of the contras."

Mr. Rodriguez worked in El Salvador at the time, both on the contra resupply program and as an adviser to the Salvadoran government. Mr. Rodriguez, Mr. Bush and the vice president's aides say they discussed only El Salvador.

Colonel Samuel J. Watson, an aide to Mr. Bush, says the memo was typed incorrectly. But the secretary who typed it said Colonel Watson gave her the information.

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Troup of Flux

In October 1986, when one of the contra supply planes was shot down in Nicaragua, Mr. Rodriguez called Colonel Watson to tell him. The colonel was one of the first government officials to learn of the

At first Mr. Bush's office denied getting the call but later acknowledged that it had been received. Still Mr. Bush has said, "I knew nothing of the shipments by the socalled private network of arms to

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## FBI Papers Show Agents' Zest for Political Role

Washington Post Service NEW YORK - In August 1984. Central America.

61 percent of Americans living "In spite of attempts by the boabroad who, according to the General Accounting Office, Congress's auditing arm, failed to file income tax returns. A spokesman said the IRS plans to exchange information with other countries and require

Amish Mennouites in Pennsylvania have won a fight to block construction of a 15-mile (25-kilometer), four-lane highway that would have bisected their farmlands near Lancaster. Instead, two existing highways that are chronically clogged will he widened and improved, and the state will look into the possibility of a highway paralleling rail lines in the area. Amish

People magazine. farmers, who keep mostly to themselves, attended hearings on the highway in quiet opposi-

When a customer ordered \$50 worth of Illinois state lottery tickets for the Satorday to come, Sue Zera, who tends bar in Ollie's tavern in Columbia, hit the wrong button, dispensing tickets for the Wednesday drawing instead. The customer would not take them, so she had to pay for them herself. She managed to sell some to friends, but was still stuck with \$30 worth. One of those tickets won the \$10 million jackpot. After state and federal taxes are deducted, Mrs. Zera, 47, will oct \$387,500 a year for 20 years.
"One granddaughter will get the braces she needs," she said. "And the other one - well, both of them can go to college if they want to." Mrs. Zera said she intends to do some travel-ing.

Arthur Highee

By Howard Kurtz

the head of the FBI's Denver office sent a puzzled message to the Washington headquarters, saying that he was not sure how far his agents could go in investigating a

reau to clarify guidelines and goals for this investigation, the field is still not sure of how much seemingly legitimate political activity can be monitored," the message said. 

During a five-year investigation specific questions about the of the Committee in Solidarity with CISPES probe but said that they the People of El Salvador, or followed internal guidelines governments. CISPES, FBI agents investigated eming domestic security and coun-nuns, union members and college terterrorism investigations. No students; checked up on church fo- CISPES member has been charged rums and Knights of Columbus with a crime.

Despite many deletions, the vo-luminous files indicate that the FBI more than 100 Americans returnwork, much aimed at church-relat- policies there.

ed activities and college campuses. The documents on the CISPES
The Pittsburgh field office, investigation from 1981 through

formed the FBI director at the time, William H. Webster, that the group's adhereots included "at least one female high school stu-

Much of the cable traffic begroup opposed to U.S. policy in tween Washington and the field offices had a decidedly political tone, with FBf agents monitoring protesters in 1983 at a Denver speech hy Edwin Meese 3d, at the time a White House counselor, and iovestigating CISPES plans to demonstrate at the 1984 Republi-

Mr. Meese, now attorney general, said Thursday that he would Investigation files made public this determine whether action was occweek suggests that many of the essary after he receives a report on field offices took an exceedingly the surveillance from the FBI's cur-broad view of their right to investi-rent director, William S. Sessious.

FBI officials declined to answer

dinners; photographed protesters at peaceful rallies; and distributed what they deemed offending articles from student newspapers and The FBI also was accused of intimidation during Mr. Webster's

devoted many thousands of hours ing from visits to Nicaragua. Many to surveillance and undercover had expressed opposition to U.S.

which unsuccessfully sought to 1985 were obtained through the

plant an undercover agent in the local CISPES chapter, gravely in-New York-based Center for Constitutional Rights. Several FBI offices found no evi-

dence of criminal activity but evidently were encouraged by Mr. Webster's office. FBI officials in Phoenix reported

Rights in Latin America, "a noovithat "it does not appear that further investigation is warranted." But Mr. Webster's office ordered from the Prusburgh office.

The documents also show several instances in which FBI agents cop-

ied license-plate oumbers of individual protesters attending public rallies. The Houston office went in 1983 that they had looked into further, distributing 104 photothe Tucson Committee for Human graphs of participents in a 1985 march by the Texas April Mobiliolent organization," and concluded zauloo for Peace, Justice and Jobs.

The heaviest barrage of apparently unsupported assertions came

them to continue the inquiry, say-"The CISPES leadership coverting the committee "may be a front by furnishes funds and materials to organization for the CISPES."

by furnishes funds and materials to the guerrillas in El Salvador, assists e guerrillas in El Salvador, assists in the maintenance of camps in the U.S. for the rehabilitation and reindoctrination of Salvadoran guerrillas either to be returned to the fighting in El Salvador or to remain in the U.S. to establish guerrilla

> Hugh Byrne, CISPES political director in Washington, called the allegations about training guerrillas "ludicrous" and "nonsense."

cells," Pittsburgh reported in 1984.

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## Sweeping Anti-Bias Bill Is Approved by Senate By Irvin Molotsky

tance in other programs. related services to women.

Supreme Court decision that sig-nificantly limited the reach of federal laws against discrimination. Proponents called the bill, which passed Thursday night, one of the at least as lopsided a vote. most significant pieces of civil

Congress in many years. The Supreme Court raling, in a case brought by Grove City College in Pennsylvania, held that the fedcrai law banning sex discrimination in colleges and universities that receive federal aid applied only to the approval earlier in the day, would specific program receiving such aid, not to the entire institution. Thus, if a college discriminated against women in a program that did not receive federal aid, it could

which is expected to approve it by

gan to sign the bill. The amend-

talks because of a trip to the Vati-New York Times Service federal laws against discrimination can. Bishop Vivas is the auxiliary to the eatire institution rather than has passed a civil rights bill that just the part or parts receiving federal awas 75 to 14. The 14 votes place under the framework of the against the bill were cast by Repub- Central American peace plan

The hill now goes to the House, temala and Costa Rica on Aug. 7.

rights legislation to come before man, Leslye Arsht, said: "We op- campaign to persuade Congress to pose the bill in its current form, give \$36 million in new aid to the There's a veto signal out there."

Senator John C. Danforth, Republican of Missouri, said he expublican of Missouri, said he expublicant of Missouri, said he expublicant of Missouri (Missouri Alberta Albert ment he sponsored, which won John Paul Cool to Ortega encourage President Ronald Rea- Times reported from Rome:

The mediator, Monsignor Robelo Bosco Vivas, announced the next session at the end of two days aiding the contras. of talks in San José, which he said were conducted in "a climate of much sincerity and respect."

"The meeting was very positive, and the will exists on both sides to seek a cease-fire in Nicaragua," Bishop Vivas said. He noted, however, that the date live in a political regime based on for the meeting was subject to approval by the archbishop of Managua, Miguel Obando y Bravo, who was unable to mediate the San Jose

signed by the presidents of Nicaragua, Honduras, El Salvador, Gua-

In Washington, President Ron-However, a White House spokes- ald Reagan forged ahead with his

Roberto Suro of The New York The Pope on Friday offered ment states that colleges, universi- President Daniel Ortega Saavedra ties or hospitals would not risk of Nicaragua a markedly cool reMr. Ortega described his 30

the Central American peace process and generate opposition to the

the principles of true democracy. John Paul, according to the statement, "expressed to President Ortega the hope and need that peace in the region is achieved, uncarried out through a faithful dia-

A senior Vatican official who had discussed the meeting with the Pope said, "Ortega listened more than he talked."

had seen Mr. Ortega in almost five years. In that time, relations beon religious liberties.

ing Friday did not indicate an imlosing federal funds if they declined ception at the Vatican and then provement in those relations but was a sign of the Pope's interest in

Pope Appeals to Ortega

minute private conversation with **HOW CAN I PLAY?** the Pope as "constructive and frank." The papal audience, he said, was part of an effort to bolster

Varican spekesman, said the the Pope reaffirmed his support for the Latin American peace plan, "particularly the right of populations to

logue, with respect for the fundamental rights and freedoms of all."

tween the Vatican and the Sandinist government have been marked by tension and occasional hostility over the expulsion of priests from Nicaragua and other actions perceived by the church as restrictions . Vatican officials said the meet-

VALED ONLY WHERE LEGAL "NOT AVAILABLE TO RESIDENTS OF SINGAPORE" ZP.

not face the loss of federal assis- to provide abortions or abortion- sternly advised the Sandinist leader that respect for human rights and the peace process.

For 'Real Democracy' democracy was necessary to achieve peace in Central America. SAN JOSE, Costa Rica - Nica-Vallcan officials said. raguan government and rebel negotiators ended their first direct peace talks Friday without achieving a cease-fire but agreed to resume their talks Feb. 10, their mediator

> Reagan administration's policy of A statement on the meeting by Joaquin Navarro-Valls, the chief

derlining the necessity that it is

It was the first time that the Pope

## Herald Tribune.

## What Is Bush Hiding?

As long as Vice President George Bush offers his experience in world affairs as a qualification (or his presidential candidacy, the questions he refuses to answer about the Iran-contra affair will haunt him. Unless he says more, voters are left to judge him by the known record. It presents three possibil-

ities, each disquieting — or worse.

Even with its gaps, the record compels the conclusion that Mr. Bush knew or should have known enough to warn President Reagan against shipping arms to Iran in return for hostages. To understand why, recall that he heads the administration's task force on terrorism, which has always insisted on the principle of never bargaining with terrorists.

Then, consider the fact that the vice president attended many national security meetings and had other opportunities to learn, or strongly suspect, that this cardinal principle of anti-terrorism was being violated.

Two such occasions stand out. One was a January 1986 meeting at which Secretary of State George Shultz and Secretary of Defense Caspar Weinberger argued against the arms deals, Mr. Shuitz vehemently. Mr. Bush says be oever heard Mr. Shultz's vehemence, and oow suggests he may have been out of the room at the time. Hear no evil. Then, in July 1986, Mr. Bush learned at a hriefing in Israel that the Iranian arms negoriators included some of that country's craziest radicals - probably including the kidnappers who tortured and killed Wil-

liam Buckley, the CIA station chief in Beirut. The vice president now says he did oot

understand the briefing hut reported it back

to the National Security Council staff, the

architects of the Iran-contra affair, and

oever followed up. See no evil.

Voters must consider these possibilities: 1. Mr. Bush knew all the relevant facts and argued against the policy hut was

overruled by the president. If that is so, it is understandable that he would not wish to say "I told you so" to the president in public. But if that were the truth, the president, who obviously values Mr. Bush's service, woold have every reasoo to say so oow - lifting Mr. Bush's media hurden in a flash

2. Mr. Bush knew and went along, content to raise peripheral questions.

That is the possibility the record supports most strongly. A recently disclosed White House memorandum portrayed Mr. Bush as "solid" for the hostage-trade plan. The vice president has explained that he went along with arms transactions oot realizing they were hostage ransom.

But how could anyone in his position not have realized that? Indeed, Mr. Bush almost admitted knowing it when he told Dan Rather, the television anchorman, "So if I erred, I erred on the side of trying to get those hostages out of there."

3. Mr. Bush was so uninvolved or inattentive to this stunning undertaking that he did not learn about it until December 1986.

It is wholly implausible that the vice president did not come to know until a month after the White House began to admit the weapons sales and the diversion of profits to the Nicaraguan rebels. Yet that is what he has maintained.

If the vice president's explanations are thus unconvincing the president's latest ones are astonishing. From the day the scandal broke, Mr. Reagan pledged full disclosure from himself and his administration. He waived executive privilege in response to the investigators.

But consider his position now. He selec-tively approves Mr. Bush's claim of confidentiality for advice given to the president. And he does some selective remembering. This is the president who could not recall whether he approved the first arms shipment in advance, and could not recall signing a December 1985 finding on the need to pay ransom for the hostages. Now he remembers that the vice president was not among those present in the White House

wheo Mr. Shultz argued against the deals. "You know what I'm hiding?" Mr. Bush asked in the television interview Monday. "What I told the president. That's the only thing." Unless he says more, voters are left to believe something else: that George Bush, even while campaigning for the pub-lic's trust, is hiding embarrassing truth. - THE NEW YORK TIMES.

## Their Hands Outstretched

Seven times last summer the Senate majority leader, Robert Byrd, tried to break a three-month-loog Republican filibuster against a bill to reform the squalid American system of congressional campaign finance. Seven times he failed; a majority favored the bill, but oot the 60 needed for cloture. Now Mr. Byrd has indicated he is going to try again in an election year, and good for him. He has two targets: the moderate Republi-cans so fond of being seen, often with cause,

as among the constructive swing votes in the Senate, and Minority Leader Bob Dole. Three of the sensible Republicans stepped across the party line on the bill last year -Robert Stafford of Vermont, John Chafee of Rhode Island and, on the final cloture vote; Nancy Landon Kassebaum of Kansas. The first two were among the legislation's sponsors. Mrs. Kassebaum reserved the right to vote against it but did not want to be locked in the same room with the present system either. The moderates could make a deal with the sponsoring Democrats and probahly improve the bill; they should try.

arises partly from his presidential candidacy, a theme of which is his (demonstrated) legislative leadership. The supposed ultimate Re-publican objection to the bill is that it would make public funds available to finance campaigns. But the Democrats have reduced the public funding to a shadow role, while Mr. Dole is cheerfully accepting public funds to help finance his presidential campaign, and it doesn't seem to have hurt him a bit. Mr. Dole has the power to break the impasse on this legislation. He and the Senate would

both be the better for it. The problem with the present system is

that it has no upper bound. The cost of office has raced ahead until the parties are hidding for power with dollars. The average Senate winner spent more than \$3 million in the last election. To amass that much a senator must raise \$10,000 a week every week of his six-year term. A senator who expects a close race or is from a larger state may have to raise two, three or four times that. These people live with their hands outstretched. The House, where the average winner oow spends more than \$300,000, is not far behind. For senior House members particularly, a greater share of this money than is healthy comes from the political action committees, or PACs, the giving arms of interest groups.

The bill seeks to impose spending limits on Senate races only (the House would add what rules it chose for itself). The Supreme Court has said it is a violation of free speech to impose such limits absolutely; they would thus be voluntary, binding only on candidates who chose to accept federal funds. Even then not all candidates would get such the spending limits and whose opponents did not. In deference to the Republicans, the public funding has been reduced to an insurance policy. The bill would also limit the funds that either a House or Senate candidate could accept from PACs.

In the 1986 Senate elections, \$182 million was spent. An expenditure that large corrupis the democracy in whose name it is made, and most senators know it. The bill that Senator Byrd is championing would restore proportioo. The Republicans should try to perfect and help to pass it.

- THE WASHINGTON POST.

## Other Comment

### Gulf: A Broader French Role

The present escort operations help only a fraction of the merchant ships in the Gulf. Iran's gunboats still attack ships from countries that do oot send their own warships to protect them. Warships from the six Western oavies often have to watch these attacks but do nothing, forbidden to intervene by their "rules of engagement."

France has decided to abandon this miserable arrangement. The commander of the French force in the Indian Ocean, Rear Admiral Guy Labouerie, [has] announced that the French navy will no longer cruise idly past while the Iranians hlast away at merchantmen. His ships will not only go to the aid of any neutral merchantmen hit in an attack (as all the navies do). They will also, when they can, stop them being attacked. Neutral merchantmen carrying ocutral

cargoes to neutral countries have a right to stand aside from the war. Not to protect them, when the means are at hand to do so, is a craven cop-out.

- The Economist (London).

#### As the Contra Vote Nears

We should and can both support the Central American peace process and sustain the Nicaraguan resistance while the Sandinists' promises are put to the test.

Each side in the U.S. debate should coocede that the other's position has proved to contain an element of truth: The combination of regional diplomacy and the increasing pressure of the contras together have

brought progress and should guide us.

The administration and Congress should avoid seeking narrow victory in an up-ordown vote Wednesday on new military aid. Instead, we should seek bipartisan support for a new policy that includes the best ele-

ments of diplomacy and military pressure.

The United States should reaffirm its strong support for the Central American peace accords and the principle stated by its author, Oscar Arias Sanchez: "Without democracy there can be no peace."

Washington should provide additional aid for a cooperative economic development effort among those nations that have complied with the democratization provisions of the Arias plan. Let the Central American democracies recommend to the United States whether Nicaragua should be eligible.

If the Nicaraguan government fails to meet specific standards for democratization by a given time, the funds appropriated should be released to sustain the Nicaragnan resistance. If the Sandinists do meet the criteria, the funds should instead be used to rebuild Nicaraguan civic and economic life. - Charles Robb, former governor of Vir-

ginia, writing in The Washington Post.

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Directeur de la publication: Walter N. Thayer.

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Managing Dir. Asia: Makabin Glern, 50 Gouester Road, Hong Kong, Tel. 5-861061. Telex: 61170
Managing Dir. U.K.: Robin MacKichon, 63 Lang Acre, London W.C. Tel. 836-4802. Telex: 202009
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**OPINION** 

## The Challenge Now Is to Manage Success

WASHINGTON — With fin-de-Reagan fa-tigue upoo us and, according to this month's conventional wisdom, the decline of the American empire to follow, American successes are oot a hot topic. They should be. Like it or not, the United States is facing a variety of foreign-

policy successes around the world.

The challenge is not to blow them. Since Vietnam, America has had much practice in managing failure. It has had so little practice managing success that it may be losing the knack

One success has already largely been frittered away. The deployment, over strong pressure from Moscow and the peace movement, of Euromissiles was the most important and underrated American foreign-policy achievement of the decade. The Rus-sians tried to demonstrate that, through threat and pressure, they could achieve nuclear domination of Europe and, in effect, exert a veto over NATO nailitary deployments. American and allied steadiness demonstrated that they could do neither.

It was an achievement of the first order. Unfortunately, it is largely undone by the INF treaty now before the Senate. Both American and Soviet intermediate-range missiles will oow be removed from Europe. But the United States, separated from Europe by an ocean, needed to leave at least some Euromissiles in place to give credibility to the increasingly incredible American nuclear guarantee— the foundation upon which the North Atlantic Treaty Organization rests. There was, in fact, an earlier U.S. proposal to that effect. It was swept away by enthusiasm for the zero option.

The zero option is not the end of the world (though it may in time be the end of NATO). But it shows how an absence of strategy and a lack of tactical nimbleness can undo a foreign-policy gain.

Barbara Tuchman notes the compul-sion of leaders all through history to

behave woodenheadedly — to follow policies contrary to those indicated by

good sense and enlightened self-inter-

est. Calling Philip II of Spain "the

surpassing woodenhead of all sover-eigns," she observes, "No experience of the failure of his policy could shake

Philip's title is oow on the line. In

seven years' time, the U.S. policy of

aiding the contras has produced only

Irangate, national humiliation and

the condemnation of the United States by the World Court - to say

nothing of the suffering it has caused

in Nicaragua. The contras cannot de-

feat the Sandinists; they can only

harass them, and harassment ad-

vances no discernible U.S. objective.

lence of his policy, President Reagan has now asked the Congress for \$36 million in contra aid. How does he

justify this? By warning that while the

Sandinists talk of peace, they and the

Soviet Union are planning a large-scale military buildup — which pre-

GENEVA — On Monday, a trial reopens in Johannesburg after

a long holiday break. It is that of

Moses Mayekiso, a young man with

the potential someday to lead that

He is not known outside the coun-

thousands of factory workers and

millions of hlacks in the townships

know of Moses Mayekiso. Not yet

40, he is part of the new generation of

trade union leaders who have risen

hlack trade union movement.

along with South Africa's growing

Like Cyril Ramaphosa, the black

miners' leader, Moses Mayekiso's

leadership qualities were forged at an

early age in the cauldron of strikes.

township revolts and constant nego-

nation with employers, the police and the contending forces that seek

Fifteen years ago, there were only 20,000 blacks in South African

trade unions. Now nearly two mil-

lion blacks are organized. The state

of emergency has dampened the vi-oleut revolt of a few years ago, but

worker militancy has not cooled.

to speak for the nation's hlacks.

try. But in South Africa hundreds of a powerful and permanent force.

great but tragic country.

And yet, convinced of the excel-

his belief in its essential excellence."

The Path to More Contra Aid

Is a Modern 'March of Folly'

WASHINGTON — In "The sumably only contra aid can stop. In fact, it is quite the other way

In fact, it is quite the other way

around, As President Daniel Ortega

Saavedra made clear in a recent arti-de (IHT, Jan. 15), there will be no augmentation of Nicaragnan forces if

the plan authored by President Oscar Arias Sanchez of Costa Rica works.

Indeed, they could then be reduced.

discussed the creation of a militia of

600,000 members and Nicaragua's

acquisition of more sophisticated

weapons. But as Nicaraguan docu-

ments ohtained by Washington indi-

cate, such upgrading would occur only in the event of "a sustained

escalation of American aggression" via a mercenary war and the continu-

ing threat of a large-scale military

Mr. Ortega urges that the United

States and Nicaragua negotiate their

differences. He emphasizes the San-

dinists' willingness to address U.S.

Perhaps President Reagan consid-

ers occotiations with Nicaragua to be

beneath his dignity. But what of dis-

cussions with the Soviet Union? Dur-

ing the summit meeting, Mikhail

black trade union movement is now

The unions have been a school for

democracy, organization and self-re-

liance for all sorts of blacks - for

cashiers and clerks, autoworkers and

miners, for employees of the state

and those who work for European

and American firms. The arts of ne-gotiation, leadership and, perhaps

most important compromise and

survival, have been learned by thou-

farm before getting a job at a newly

opened Toyota factory. He worked

hard to educate himself, much like

some of the great European trade

union leaders have done (Britain's

Mr. Mayekiso's warmth and elo-

quence made it natural that his fel-

low workers would turn to him when

Ernest Bevin comes to mind).

Moses Mayekiso grew up on a

sands of once-voiceless blacks.

action" hy the United States.

security concerns.

True, Moscow and Managua have

By Charles Krauthammer

Another little-noticed success is the reflagging of Kuwaiti ships in the Gulf. It set limits on Iranian action, greatly enhanced U.S. influence with the oil-rich Arab states, calmed Arab security fears in the face of the Iranian threat and secure

a Kuwaiti lifeline to the Arabian Sea.

It also yielded a lesson oo multilateralism, that favorite cover for isolationists. After the United States eotered the Gulf, the allies followed. It was a convincing demonstration that the way a super-power gets multilateral allied support is not to plead for it, but to lead the way.

The U.S. success in the Gulf could be himdered away, too, though here not by underplaying Ameri-ca's hand but hy overplaying it. There is talk of (and pressure from navy commanders in the area for) enlarging the U.S. mission to include the defense of any vessel, oot just those flying the American flag. Such a declaration of naval warfare against Iran would invite continual engagement, strain resources and threaten Congress's rare tolerance for this

projection of American power.

The other generally unremarked success of recent American foreign policy is the Reagan Doctrine, under which the United States is supporting four anti-communist guerrilla insurgencies. In every one, the guerrillas are on the move. In Afghanistan, they have already achieved strategic victory. The remaining question is when and how, not whether, the Soviet retreat will occur. On the question of Cambodia, Vietnam has begin negotiations with Prince Sihanouk to find a way ont.
In Angola, the annual Cuban- and Soviet-led offensive has been defeated and the UNITA guer-

In Carlucci, phis of 4
A Careful Nations
Navigator rillas are reported to have captured the govern-ment-Cuban garrison at Cuito Cuanavale. And in Nicaragua, the 15,000-man contra army has shown unexpected military ability and built significant support among the peasantry and the internal opposition. The Sandmists have been forced into

irect negotiations with them.

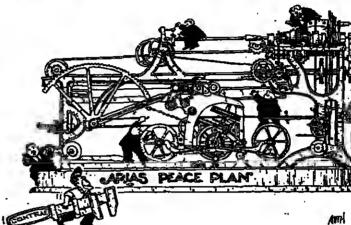
It will take tactical dexterity — and steadiness about goals - not to deal away these successes. The object of guerrilla war is to get to power. In Afghanistan, that means resisting pressure from the Russians for some communist role in a future government. The challenge for the United States is oot to blunder away at the table what the guerrillas are winning in the field: an Afghanistan entirely out of the Soviet orbit.

commitment to protect commercial shipping using Sandi ports. But Mr. Carluca would go no further than promising to think about it.

It was the answer of a man who is intent on lowering the American printile in the Gulf, not raising it as the vandis and other Arab state. But it is in Nicaragua that the American propensito undo is on most extravagant display. The andinists are in trouble: The economy is in collapse, inflation since November is at 13,000 percent, shortages are so severe that they threaten the regime's survival. As one Nicaraguan put it, you can control people through ration cards — if you have lood to ration. The Sandmists do not. They are so worried about contra political and military gains that two weeks ago, just as Daniel Ortega Saavedra was trying to impress Congress with promises of democracy, they arrested a dozen internal opposi-tion leaders just for meeting with the contras.

In the face of this enormous pressure on the Sandinists, Congress is expected to vote next week on whether to save them by cutting off the contras.

Odds are that it will. If the odds don't change,
America will have managed the most extraordinary, self-inflicted, strategic surrender in memory. Its decline will be well-earned.



Gorbachev suggested that both sides support the Arias plan — the United States by ending aid to the contras, the Soviet Union by severely limiting any military shipments to Nicaragua.

Did the president seize the opportunity? No. Once Mr. Gorbachev was out of town, he began ringing alarm bells as part of his scare tactic.

It is an all too familiar pattern: Negotiations that might achieve U.S. objectives are eschewed in favor of continued aid to the contras, who haven't a chance of achieving any of

them, Philip II would have approved.

The president also insists that only

mineworkers union, was rapid.

During this time Mr. Mayekiso

was living with his wife, Kola, and their seven children in a simple

wooden house in the black township

of Alexandra, outside Johannesburg.

township revolts from 1984 to 1986,

and the community turned to Mr.

Mayekiso as a proven leader, asking

him to chair the oewly created Alex-

As happens everywhere, he and other black unionists were drawn

ineluctably into the political pro-

cess. In June 1986, the security po-

lice arrested Mr. Mayekiso on his

return from a trip to meet with

labor leaders in Europe. After nine

months in solitary confinement, he

was put on trial in October on

The 150-page indictment deals

charges of high treason.

andra Action Committee

Alexandra was a center of the

Nicaragna has just taken steps to-

# Washington Post Writers Group.

by continuing aid to the contras can the United States hope to return democracy to Nicaragna. In fact, such aid is unlikely to have that effect.

ward democratization - but to comply with the Arias plan, not as a concessioo to the contras. Mr. Reagan may flippantly say "phoocy." But it is a certainty that those steps will be rescinded and the Arias plan fatally undermined should Congress approve further contra aid, beyond aid for resettlement.

- Wayne S. Smith, a former career diplomat, in The New York Times.

Alexandra Action Committee, It or-

ganized rent strikes, school boycotts and set up so-called People's Courts

- unofficial tribunals to discipline

the hooligans and petty thieves who

had been plaguing the township. Mr. Mayekiso was also accused of

possessing political books and pam-

phlets picked up in Europe — the sort of literature that is freely and

innocently distributed whenever left-

ists eather in democratic countries.

most of this year. He faces a possi-

hle prison sentence of 15 years.

His trial is expected to last for

The man on trial in Johannesburg

represents part of the future of his

country. I only hope that when Mo-ses Mayekiso is sitting in some minis-try in a majority-ruled South Africa, he will be as merciful toward his

former guards and judges as they are likely to be pitiless toward him.

The writer is general secretary of the International Metalworkers Fed-

eration, a Geneva-based group repre-

senting 14 million workers. He con-

tributed this comment to the

International Herald Tribune.

Pentagon a new sense of restraint and realism about the shaky base of 10 gional support on which the American buildup in the Gulf pershae the shake the shak trip to the Gulf, he avoided the kind of the fried of the Gulf, he avoided the kind of the fried of the gulf, he avoided the kind of the ladder of escalation.

The key moment came in Riyailh when an obviously agitated Fabilitied to squeeze a new commument out of

to squeeze a new communicat out of Mr. Carlucci to protect Sandi-related shipping, which is now outside tile tacit truce that the United States and Iran seem to be observing in the Gulf-Speaking elliptically, the king asket

Navigator

By Jim Hoagland

PARIS — King Fahd of SandiArabia discovered this monthwhat Washington has long known,
a well-turned waffle is a Frunk
Carlucci specialty.
During the new defense secretary,
maiden voyage to the Gulf and Europe three weeks ago, the Sandi-monarch pressed for an expanded U.S.
commitment to protect commercial
shipping using Sandi ports. But Mr

But as the time nears for America to

reduce the overblown armada it his assembled in the Gulf, such wallfing probably will have to be discarded. The Gulf Arabs have binfled the West into providing them with more protection.

m avoiding a divisive new debate over energy security and guaranteeing of supplies from the Middle East

intent on lowering the American patrille in the Gulf, not raising it as the Sandis and other Arab states want.

While Iran is laying off the few ships, the United States protects, attacks on other nations vessels are climbing.

Not wanting to antagestize America's Arab allies by rejecting King Fahd's feeler, Mr. Carlacci temperized. This time he found a graceful way out of his Fahd problem.

tion against fran than they are willing to provide for themselves.

American officials who want to

American officials who want to use the current tension to establish long term military facilities in the Gulf on the sty have found the situation useful in avoiding a divisive new dehate these

Market Harris Transcription and the state of the state of

La Land Company

The matter of the second of th about American policy regarding of commercial vessels not flying the U.S. Varian flag that are intercepted by Iranian aships. Did U.S. warships have to wait until neutral ships were fired on before coming to their assistance, or could the United States see its way clear to authorize earlier protection?

We will think about that, Mr. Car? lucci replied. Later, in Paris, he put Fahd's question to Prime Mir Jacques Chirac, who has authorized France's smaller but parallel building of naval forces around the Guil.

Mr. Chirac immediately said the United States and France should agree to Fahd's suggestion. But lite added two conditions: There had to be a consensus among the European countries and the United States on any expansion of their naval protection in the Gulf, and the Gulf coastal states would have to agree to participate militarily in the new effort,

It was an elegant evasion, since both the French and the Americans were sure that the Sandis would be save to take on Iranian gunboats were sure that the Saudis would not harassing commercial shipping. While asking the Western powers to provide more protection, the Gulf Arabs themselves are still fearful of involving their forces directly in the confrontation with Iran.

That is the reality behind the smoke and mirrors some senior offirials in the Pentagon are using to try to make it seem that the Europeans and the Arabs are taking on significantly expanded military roles in support of the United States in the Gulf. Unlike Mr. Weinberger, Mr. Carlucci does not seem to be taken

in by smoke and mirrors. The other condition set by Mr. Chirac, for a Western consensus, also puts a hidden brake on Western military expansion. Mid-level U.S. and French officials have concluded that Britain probably would not join in such a consensus and is pursuing a separate.
Gulf policy that is more favorable to
Iran than London acknowledges.
One sign of this attitude comes in
softening British support for a Unit-

ed Nations resolution setting sanctions that would be applied to Iranalone. Presiding over the Security Council this month the British did not move effectively to break the continuing Soviet stall on the issue." In this tangled web of evasions and deception, Mr. Carlucci's careful but clear-eyed reassessment of the U.S. presence in the Gulf is a promising descence of the Gulf in the

development. Not trying to deceive others, he is not likely to deceive himself. The Washington Post.

#### A Seven-Faced Man Who Knows the Mind of the French PARIS - With an effect rather By William Pfaff

they decided to form a union at the largely with his involvement in the

Moses Mayekiso: His Crime Was to Lead His People

By Herman Rebhan

Last year, according to the South Toyota plant in the late 1970s. His

African government, more work rise to be general secretary of the

days were lost in strike action than metal manufacturing union, second

in any previous 12 months. The in South Africa only to the

like that of the Zen master's one hand clapping, the French presidential campaign is launched with only one man running. Or only one of the principal candidates yer running — Prime Minister Jacques Chirac.

The second conservative candidate, Raymond Barre, has not declared, but will soon do so. The missing man is President François Mitterrand, But if he is not yet running, he is dominating the race by his absence.

Mr. Mitterrand says he will an-

nounce his decision in good time. Posters, though, are appearing: a trusting baby reaches out to touch a (presidential?) hand, under the words "Génération Mitterrand." What is this Mitterrand Generation? Could another Socialist lead it? Several Socialists would like to try, but by now they are pretty discouraged. Is Mr. Mitterand even a Socialist? He did oot start as one. He may not end as one.

A sardonic student of Mr. Mitterrand's career, a journalist named Catherine Nay, identifies seven François Mitterrands who have succeeded one another during the seven years of his presidency. He took office as François-Léon Blum, leader of a tri-umphant Popular Front of the left. He will leave office, she says, as François-Augustus, a benevolent Caesar.

Along the way he has been Fran-cois-Reagan, after abandoning Socialist economics for the market-place, and — as one of his enemies adds - François-Petain, Father of the Nation. Miss Nay says that be has one more personage to assume before his career is finished, that of François de Gaulle, "taking over the Gaullist heritage in its totality."

The president's elusiveness and capacity for metamorphosis enrages as well as baffles his opponents, cansing Mr. Chirac - young dynamic, aggressive, unstoppable — to seem an useful to check the excesses of both obstreperous guest at the electoral party, carrying on noisily in the corner. disadvantages have become increas-The professorial Mr. Barre seems fret-tish and annoyed. Mr. Mitterrand, one marked poll, the same people who give

assumes, is enjoying himself hugely.

He has a clear lead in polls on public approval, and in most polls on



voting intentions. It nonetheless can be asked how this sympathy will be expressed in the presidential vote it-self. That will take place in two rounds: an initial vote April 24. then a face-off between the top two

vote-getters on May 8. Not only is Mr. Mitterrand liked, hut for most of the last two years

overwhelming approval to Mr. Mitter-rand say that they also think him too old to run for a new seven-year presidential term. He is 71.

If he were to run and to be reelected, he would have virtually no chance of re-creating a leftist parliamentary majority to support him. It would not even be in his interest to dissolve Parliament and ask for a new vote on parliamentary deputies. The present National Assembly was elected hy proportional representation. which maximized the left's advan-tages. The law has been changed and a new Assembly would be elected on the winner-takes-all principle.

Thus Mr. Mitterrand would have to continue to coexist with the right, or to divide it. He could name a centrist or a nonpartisan figure as prime minister. Mr. Chirac, defeated for the presidency, would no longer be the force he is now. The right's existing majority in the Assembly is only two votes. Mr. Mitterrand could even name former President Valery Giscard d'Estaing as his prime minister. Mr. Giscard d'Esnis prime minister. Mr. Giscard d'Es-taing would quite possibly accept. Mr. Mitterrand, a product of the Fourth Republic, is a master of parliamentary maneuver and combination. Perhaps he could divide and dominate. It

would be to his taste to try.

That he will run in April, and win in May, is generally assumed. Yet one wonders if this outcome is what, in the end, the French voters will decide. It is

the parties these days on the major issues and policies. On foreign policy and security there is virtual una It is possible the French will decide

to write an alternate ending, if only because this one is so predictable. It is possible that what they really are bored with is cohabitation. It is possible that when summer begins the French will have a different president. One could quote Eliot to Mr. Mitterrand: History has many cunning pas-sages, contrived corridors/ And issues, zives with whispering ambition/ Guides us by vanities. International Herald Tribune.

O Los Angeles Times Syndicate.

## 100, 75 AND 50 YEARS AGO

1888: Australia in 1988

LONDON — [The Spectator says:]
There is every reasonable probability that in 1988 Australia will be a Federal Republic, peopled by 50 million English-speaking men. It is difficult to predict the future of this society; but we think that it will approximate hut we think that it will approximate much more closely to the Italian than the American type—that is, it will be democratic, but not hard. The Australian than the Au tralians, with a more genial climate, without Puritan traditions, with wealth among them, and with a habit of communion with Europe, will be a of communion with Europe, will be a softer, though oot weaker people. As BELFAST—On Peb. 9 the voters of they cease to be British, Germans and Irish, the men of the new type which to show what they think of Earnon de lians." will be a distinctive "Austrawill be born, the distinctive "Australians," will be as distinguishable in of partition and for the uniffication of tralian will be a sunnier man.

and thousands of manufacturers who use gasoline engines for power must force immediate action by the Government if the Standard Oil Consistory is to be kept from making further. ruinous advances in the price of gaso-line. If the purpose of the company were to demoralize the automobile industry of the United States it could take no better course. A few more rises in the price of the fuel will force tens of thousands of automobilists to abandon their machines.

England as the Americans. The Austhe six counties of Ulster with the Six counties of Eire to form one Ireland. cohabitation between him and a conservative Parliament and prime minister has enjoyed public approval. People seem to have felt the arrangement by be harmless. Little really separates

1913: We May Just Walk

NEW YORK — [The Herald says:]

NEW YORK — [The Herald says:]

Sovernment with its loyalty-to King
George and its divorce from Databia.

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By Jim Hoagland ARIS — King Fahd of the Arabia discovered the to discovered the to discovered the total control of the control

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was the answer of a me, but on lower was the answer of a many nt on lowering the America; in the Gulf, not raising it as dis and other Arab state it is laying off the large the Iran is laying off the large Indianal States protects small United States protects and r nations vessels are continued to wanting to antagonize to Arab allies by rejoing to d's feeler. Mr. Carton by 1. This time he found and out of his Fahd problem ut as the time nears for A ice the overblown armadi [ mbled in the Gulf, such an

nably will have to be doze Guil Arabs have bhilled the providing them with more against Iran than they are rovide for themselves military facilities in the Ga ly have found the situation voiding a divisive new deluggy security and guarantee plies from the Middle Est r. Carlucci appears to bings agon a new sense of resign sm about the shaky base f. al support on which the Ame dup in the Gulf pendes 0 to the Gulf, he avoided thele oric and self-congramb

ed lock Caspar Weinberge adder of escalation. he key moment came in his a an obviously agitated Fade pueeze a new commitment Carlucci to protect Santi-te ping which is now must truce that the United State seem to be observing in the eaking elliptically, the line nt American policy read. South Korea, where parac-mercial vessels not flying let been a problem in the past. that are intercepted by he ships. Did U.S. warships he until neutral ships war list re coming to their assistant. d the United States see is a to authorize eather omeair 'e will think about that McG replied. Later, in Pain ke i's question to Prime Mis ues Chirac, who has anime ice's smaller but pauld built avail forces around the Gall.

r. Chirac immediately sel i ted States and France see e to Fand's suggestion in ed two conditions: There consensus among the Empe itries and the United State expansion of their naval io the Gulf, and the Gulfox s would have to agree to per militarily in the new dist was an elegant evasion! the French and the Amer sure that the Saudis well a si e to put Saudi frigates r to take on Iranian ask ie asking the Western poe ide more protection, its is themselves are still k wolving their forces dies. onfrontation with Iran 121 is the reality being ke and mirrors some same in the Pentagon are using a

take it seem that the face the Arabs are taking on se ly expanded military as ort of the United States . Unlike Mr. Wenham ucci does not seem to at smoke and mirrors. se other condition se by ac for a Western consens.
a hidden brake on Western expansion. Mid-lead US: ch officials have contains in probably would not just isensus and is pursuit in policy that is more from than London acknowledge. te sign of this attitude to ning Briosh support for the iations resolution setting is that would be applied at Presiding over the Sast and this mouth the Bride process of functional this mouth the Bride process of functional to be process. nove effectively to break the ng Soviet stall on the iss. this tangled are of cases.

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# n Carluct Reagan Ends A Careful Rights of 4 Navigato Asia Nations

WASHINGTON - President Ronald Reagan, denying any pomtive intent, revoked on Friday duty-free privileges emoyed by Hong Kong, Singapore, South Ko-rea and Tarwan.

Moving on the recommendation of a cabinet-level committee, Mr. Reagan ordered the four Asian economic powers removed from a list of 141 developing countries that receive preferential treatment for exports to the United States. Trade preferences for the four nations will be removed in January

1989, affecting nearly \$10 billion in exports to the United States. The action was the first time that

any nation had been removed entirely from the system, although in the past individual products have lost their special status. "This move should not be inter-

preted as penalizing" any of the nations, said Marlin Fitzwater, the White House spokesman. "On the contrary, it reflects the great economic successes they have had. All four are good friends and valued trading partners."

However, he said the system of

trade preferences is designed to help emerging economies, and. when countries no longer need asmerican officials who was sistance, they snoon to control a current tension to enable \$28.8 billion trade deficit with the military facilities. four countries in the first Il months of 1987, compared to a \$30.4. billion deficit for the same period with Western Europe, ac-

> Mr. Reagan's step, which fol-lowed a recommendation by the White House Economic Plans Conneil, was criticized by the Computer and Business Equipment Manufacturers Association.

cording to the Commerce Depart-

negotiations on intellectual property rights," said an association official, Charlotte LeGates.

The industry group wants guarcopyrights for computer programs and other high technology in the Asian nations, particularly in South Korea, where piracy has

Imports from the four countries have spiraled because of lower labor, costs there, and because the U.S. dollar has not depreciated against their correncies as much as European currencies, trade offi-

A weaker dollar makes imports more expensive and U.S. goods cheaper abroad. Recent exchange rate changes have, for instance, doven in the cost of many Japanese goods. However, imports from the other four Asian trading partners generally have not seen such

For more than a year, Reagan administration officials have pressed the four nations to change their currency and trade policies. The system of trade preferences

permits the specified nations to export certain products to the United States either duty-free or at re-

who asked not to be identified, said Mr. Reagan was likely to act next week on \$105 million in proposed sanctions against Brazil

The sanctions are in retaliation for Brazil's refusal to permit im-ports of U.S.-made computer soft-ware. U.S. officials have said in the past that the possible list of products to get new tariffs includes Brazilian-made shoes, automobiles

and electronics emipment.

The U.S. trade representative,
Clayton K. Yeutter, has recommended imposition of the sancmended imposition of the sanc-nons. But a final White House deci-ed from New York: sion is being delayed, the sources said, because of negotiations m. publican and a frequent critic of New York between Brazil and its the general, said in a television increditors on refinancing its debt.

The more aggressive policy to organized the entire army, and ward Brazil and the Asian nations country, into this giant criminal encomes as a House-Senate conferterprise system. ence committee resumes work on . tough trade legislation.



FRENCH-BRITISH SUMMIT MEETING - Prime Minister Margaret Thatcher of Britain and President François Mitterrand of France during a news conference Friday, ending a one-day summit meeting in London. Mrs. Thatcher also met separately with the French prime minister, Jacques Chirac. The leaders agreed to increased military cooperation and backed the U.S.-Soviet arms accord but failed to resolve differences over European Community spending.

## Court Ruling Strains U.K.-Irish Ties

By Barry James

ul Herald Tribune British-Irish relations have been further strained as a result of the decision by a British appeals court to uphold the convictions of six Irishmen sentenced to life imprisonment for bombing two bars in Birmingham, England, in 1974.

"This has been a sad and disappointing week for Anglo-Irish rela-tions," said Peter Barry, a former Irish foreign minister. Mr. Barry helped negotiate the 1985 British-"We are losing a valuable tool in Irish agreement that for the first time gave Ireland a consultative voice in the running of Northern Ireland

The verdict Thursday followed antees of greater protection of U.S. an announcement earlier in the week by the British attorney general, Sir Patrick Mayhew, that he would not prosecute Northern Ireland police officers alleged to have carried out a "shoot to kill" policy after six republican sympathizers

In Dublin, Charles Haughey, the Irish prime minister, decried that decision.

Gerry Collins, the Irish minister.

"I would have thought that a decision to prosecute would be in the best interests of the Royal UIster Constabulary," he told the Dail, Ireland's parliament, "and that they would have welcomed action by the British authorities to uphold the principle that in a dem-

ocrace society the use of lethal

force by police must be the very last

The three-judge appeals panel declared "safe and satisfactory" the 1974 convictions of the six Irishmen for the tavern bombings, in which 21 people were killed and 160 injured.

In commenting on the court's

Gerry Collins, the Irish minister of justice said: "I am amazed and very saddened at the rejection of the appeal. A very wide volume of opinion helieves these people are innocent.

The defendants, who have always maintained their innocence, claimed that their confessions had been beaten out of them by the police. They also questioned forensie evidence that suggested they had handled explosives.

"These men are innocent," said Edward Daly, the Roman Catholie bishop of Derry in Northern Ireland, "I am beartbroken for their families

Both the appeals court verdict rejection of the appeal, an Irish and the decision not to prosecute government statement said the the Ulster policemen are likely to court had not removed Dublin's be raised at a meeting of the Britconcern that there had been a mis- ish-lrish conference, established by died in ambushes and roadblocks carriage of justice. It added, "This the 1985 accord, in Northern Ireis a concern which is shared right land oext week.

## it has against their contenests as their and it has against their lapanese yen and PANAMA: Indictment Possible

lions of dollars have been laun-

Narcotics Control and is consid-

ered an authority on the fight

of inciting unrest.

against international narcotics traf-

(Continued from Page 1)

authorities in the hope of reducing

work involving General Noriega, his ton associates in Panama's military and customs services, and transportation and banking officials in Panama. U.S. Costoms officials who testi-

fied at the hearing said that finan-cial records from Mr. Kalish's office in Panama bolstered his accusations.

There would be no immediate practical effects if General Noriega were indicted. Under a bilateral 1904 extradition treaty, neither country is required to hand over one of its own citizens for extradi-

But an indictment could limit General Noriega's ability to travel to third countries that might extradite him to the United States. "It would make him a parish," one State Department official said.

Senator Attacks Noriega Senator Alfonse M. D'Amato predicted Friday that General Noriega would be indicted on drugtrafficking charges and accused him of turning Panama into a huge

Mr. D'Amato, a New York Rethe general said in a television in-terview that General Noriega "has chief of staff, Colonel Roberto terview that General Noriega "has

"He has been a major, major forcing the resignation of the na-factor in giving safe haven to drug tion's last elected president.

## **BULGARIA:**

cian who, though comparable po- ter three days of discussions belitically to other elderly, en- tween Mr. Mubarak and his aides treached Communist rulers in and administration officials on Gorbachev's policies.

Exiles Return to Panama Five exiled opposition leaders returned to Panama City on Thursday after four months in exile to continue efforts to oust General Noriega, United Press International reported from the Panamanian another Brezhnev favorite.

dently plans to supervise the intro-duction of the limited market- Of based framework for the economy and decentralization of political administration favored by Mr. 200 supporters and taken in a mo- Gorbachev with careful attention the independent counsel's office torcade to Panama City. The route to the evolution of reform in Mos- and throughout the U.S. govern-

amnesty law signed last month by President Eric Arturo Delvalle. "We are very proud to return to Panama," the Chamber of Combate in the media, culture and pubmerce president, Aurelio Barria, lie life, bas appeared only in

of the past would inevitably mean a The Iraqi pipeline was to run discussion of the failures of his long close to the Israeli border, carrying toral fraud, conspiracy to assassinate an opposition poblician and rule. Moreover, openness in Bulgaria would invite ciaims by country's one-million strong ethnic involved in the project are sub-furkish minority, which was sub-have sought the payment as a way to defuse Israeli opposition to the campaign three years ago and now, in classic Stalinist fashion, is officially nonexistent.

Despite the continuing political hard line, sympathetic Western diplomats say some real change has taken place in economie activity. In the past year most state companies have formed "self-management" not feel concerned. Our belgitude bodies and held elections for managers, and many have been allowed to conduct their own business deals and foreign trade instead of going through a central bureaucracy.

Mr. Zhivkov's zeal for shaking up the government and party appararus has caused further troubles. Mr. Zhivkov admitted that "thousands" of tesentful or uncertain officials had failed to take up the new posts assigned to them.

cused the apparatus of "uncontrollable omnipotence" and said that in the future the party would have to act "only as a political party" and oot as dietator to the govern-

Mr. Zhivkov stressed repeatedly that party control would not be

tion, day-to-day relations, the mass

# Israel's Other War: With Foreign Media

Washington Post Service

RAMALLAH, Israeli-Occupied West Bank - The television crews seemed to outnumber the soldiers on the winding, foggy streets of this

market town Friday morning. The soldiers moved from shop to shop ordering reluctant Arab merchants to open or prying npen padlocks and metal shutters with crowbars and sledgehammers.

Each patrol was followed by a camera crew, faithfully recording the harsh elang of hammers on metal, the grim determination on the faces of the young troops and the resigned, bitter expressions of the shopowners.

At one point a young officer. bemused by the video camera lurking constantly over his shoulder. took out his own camera and snapped shots of the television crew taking pictures of him.

There are oow between 600 and 700 foreign reporters, cameramen, soundmen, photographers, editors and television producers covering the seven-week wave of unrest in the occupied West Bank and Gaza Strip, according to the Israel's Government Press Office. That includes 250 to 300 journalists who are permanently based in Israel and another 350 to 400 who have been temporarily accredited during the vinlence.

They are beginning to step on each other, and on the story. Israeli officials call it "the other

war" — the propaganda struggle that Israel and its Palestinian foes have been waging inside the larger military struggle for control of the occupied territories.

For several weeks, Israel has been treated to saturation coverage from the cameras and front-page treatment in the press.

## **Government Eases Limits**

JERUSALEM - Israel eased some restrictions in the occupied West Bank and Gaza Strip in a conciliatory move Friday after its "iron list" policy largely crushed seven weeks of

Palestinian unrest. Some scattered protests, but no major incidents, were reported in the occupied territories. Police and paramilitary border guards staged a huge show of force in Jerusalem to prevent violence after Friday Moslem prayers on Temple

The government announced a series of small steps — the release of 100 prisoners in the Gaza Strip, the jailing of soldiers for excessive beating, steps to ease Palestinian family reunification and an increase in

Officials, who are at times hardpressed to justify some of the oters armed with stones, a lone plainclothes security agent sprayscenes the cameras capture, profess to see a degree of ano-Israeh bias, ing crowd and soldiers tying an even anti-Semitism, in the invasion Arah man to their jeep to serve as a of media men and machines. human shield. All this belped

Why don't you cover riots in Bangladesh or the dispossessed in the slums of Rio de Janeiro the way you cover the refugee camps here?" an army spokesman named Danny Palestinians and their Israeli rulers. asked reporters. "The Israeli feeling that the

world is against them is being fed by the enormity of the coverage." said Harry Wall, director of the local office of the Anti-Defamation League of Bnai Brith.

two weeks ago side by side with a blanket denial from cabinet minis-The cameras have been on the ters that such an action had taken scene since the beginning.

diplomatie moves to open nego-

in several parts of the West

Bank and in Gaza City, minor

incidents flared after noon

prayers with youths blocking

roads and throwing stones at

soldiers, who responded by fir-

ing tear gas.
In Jerusniem, near the

Mosque of Omar, some men,

hidden by trees, hurned a flag

they had drawn on a piece of paper, police said. They said it was not possible to say which

natinnal emblem was involved.

Israel Radio that several of his

men had been imprisoned for

28 days for excessive bearings

and were being held in the same Gaza prison as Palestiman riot-

Israeli troops opening fire on ri-

ing machine gun rounds into a flee-

thrust this story on Western televi-

sion screens and to refocus world

attention on the predicament of the

pleased when television broadcast

scenes of Jerusalem police hurling

tear-gas canisters into a mosque on

the Temple Mount in Jerusalem

The Israeli government was not

An army commander said on

tiations gathered pace.

spond well to all the media attention." Mr. Wall said. "They weren't just shooting Palestinians, they were shonting themselves in the font as well.

"At the same time, a lot of teporters who come in here for a few weeks don't understand the situation and don't realize that Gaza isn't Berkeley in the 1960s. They're throwing stones out there, not making peace signs. Some of the report-ing has been exaggerated and extremely unfair."

For two weeks the army declared large portions of the Gaza Strip off-limits to reporters and cameras even while government officials contended that the press was free to cover the story. The rationale was that eameras often incite to violence demonstrators who want their anger and their desperation conveyed to Americans on the eve-

ning news. Lately, however, as the unrest has begun to recede, the army has tried in smother the press with kindness. A new informatinn center has been opened in Jerusalem. operated 16 hours a day by military spokesmen to provide daily up-

The center is working to give the military a human face, offering trips into the field with Israeli soldiers and interviews with some of the army's articulate and motivated

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nfficer corps. But problems still arise. Defense Minister Yitzhak Rabin announced a policy to days ago of "force, power and beatings" and Palestinians and United Nations officials alleged that hundreds of broken bones and other injuries en-

Some officials blamed the press saying reporters had misinterpret-ed Mr. Rabin's hardline statements - he had intended that only alleged rioters be hit during violent incidents, they said — and had exaggerated the number of heatings that followed.

Two camera crews were themselves roughed up by soldiers while attempting to film assaults on civilians in Ramallah and Gaza City.

The army apologized after both incidents, but a former government information director, Zeev Chafets, author of a book critical of media coverage of Israel, warned the army against sanctioning a "policy of terror against the press similar to that he said had been conducted hy Syria and the Palestine Liberation

#### Shultz Urges New Tactics in Mideast here, Mr. Mubarak sought to con-spelled out in the 1978 Camp Da-vince a skeptical administration vid accords signed by Israel, Egypt By David B. Ottaway

H whington Post Service

WASHINGTON - Secretary of State George P. Shultz called Friday for "a new blend of approaches" to get the deadlocked Middle East peace process moving amid indications that the visit to Washington by President Hosni Mubarak of Egypt failed to arrive at

any agreement on a new initiative. At a huncheon for Mr. Mubarak at the State Department, Mr. Shultz said, "I believe we have come to the point where illusious about the past and old approaches to resolve the problems need to be

tested against the new realities." We must find a way to take what's best from past experience and what's imaginative from the present," he said, "and create a new blend of approaches for pursuing peace in the Middle East."

Mr. Shultz's comments came afin a bid to end the violence in the

Israeli-occupied territories. Such a solution, he said, would be "more or less" along the lines

and Congress to support a United and the United States but never Nations-sponsored international implemented. Mr. Shamir said he peace conference as an umbrella was willing to discuss possible for direct Arab-Israeli negotia- changes in those accords. Mr. Shultz, in a veiled reference to continuing U.S. doubts about that be thought the Camp David this approach, warned that good

plans would remain useless "if they do not find an expression in ac-Mr. Mubarak said he had lis tened "carefully and attentively" to the "new ideas" proposed by the

administration Neither side indicated what these "new ideas" were. But in an interview Thursday with The Associated Press, Prime Minister Yitzhak Shamir of Israel said the talks in Washington had concentrated "on the question of substance, not of procedure" and were aimed mainly at finding an interim solution allowing for local autonomy of

the Israeli-occupied West Bank and Gaza Strip. Such a solution, he said, would

Although there is apparently no evidence that the attorney generalwas directly involved in the scheme, several officials in the Jus-

oil to the Red Sea port of Agaba,

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Some sources said that Shimon

Peres, who was Israel's prime minister in 1985 and is now the foreign minister, was the official singled nut for the bribe attempt.

In the pipeline venture, many companies and individuals stood to gain by securing an Israeli pledge not to sabotage the project during the four or five years of operation needed to recover its cost. They include Bechtel and any of its U.S. competitors for rights to build the

Another potential beneficiary was Mr. Rappaport, who agreed with Bechtel in 1985 to become al partner in the project. Mr. Rappaport was to line up financing and security guarantees for the pipe-line, and his oil company was to sell the crude petroleum that would flow through the line.

Mr. Rappaport brought Mr. Wallach into the deal as an intermediary in his dealings with Bechtel, a Bechtel official told The New York Times last year.

Reached in Geneva, Mr. Rappa-port denied all knowledge of the purported scheme to pay off an Israeli official There was no such plan at all," he

But Mr. Mubarak told congres-

sional delegations he met Thursday

now "a dead letter" and "an idea

whose time has past," according to

one congressional source.

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## **BELGIUM:** Nation at Home in the Middle of Things

(Continued from Page 1) the other hand, middelmatisme suggests a certain anonymity, a lack of image. "In statistical sur- 2,000 years."

"When we were nine in the Common Market we were always between the top four and the bottom. difficult thing to sell." four. When we became 11 it was no Although Belgium's image re-herter."

Although Belgium's image rebetter."

home. The Belgian's allegiances, Belgians say, are to his household and community, not to his country. achievements and thus more re-

worse, extremely difficult to sell at

Woman Gets Anglican Post · Agence France Presse

LONDON - The Church of Enfirst woman dean, to oversee eight glican synon's decision to allow didn't even know that," Mr. De gium," he says, "It's only tempo- our Marxist-Leninist methodolo-women to enter the priesthood. Croo says. women to enter the priesthood. Croo says.

the Belgian state," says Herman De Selling Belgium to a people con-

veys we are always in the middle. The country, Mr. De Croo adds, the forgotten land," one marketing can only be seen in shades and The country, Mr. De Croo adds, curves, not in bright colors and sharp angles. "It is very confusing," he says, "and confusion is a very pealing."

well. "Per capita, we are the world not only hard to sell abroad but. says Jacques de Lausnay, an advermake Belgians more aware of their "The Belgians have always re- sponsive to the challenge when Eugarded the state as an invader, even ropean trade barriers fall in 1992.

> oughfare for speedier and more aggressive nations.

titude that justifies Belgium's claim to be the Crossroads of Europe. On the other characters of Europe On t Croo, minister of transport and tented with middelmatisme is not the state; every Belgian likes to hold np the state. It is shocking but that is how we have survived for 2,000 years."

Lackshay Says. Telling them we are the No. 1 carpet manufacturer or the No. 1 billiard-ball makers or the No. 2 world dredging power will not help because they do makes us ton oysterlike, too introvert, too diffident. We have not found a way to make ourselves ap-

Diaz Herrera, accused him of elec-

Making a virtue out of the country's lack of cohesion, a coffee-table book that government officials give to foreign visitors is called "Belgium: Unity of Diversity." Mr. Belgium's lack of a sense of na-leaders in foreign trade, but no one tional identity makes the country. knows it, including the Belgians. Of a national identity can also be of a national identity can also be taken as a sign of flexibility.

tising man. His agency is working with Mr. De Croo's ministry to Germans, not as obsessive as the Dutch," he says. "We don't have the superiority of the French or the nostalgia of the British. This quality of being adaptable because we have never adapted is a big card At the moment there is a danger have never adapted is a big card that the Crossroads of Europe that we can play in the service native of the control of the might become just that: a thortion that Europe will be."

Belgium is already literally the capital of Europe since the seat of In December, Mr. De Croo the European Community is Brusgland on Thursday appointed its sponsored a trade fair called sels. But, Mr. De Croo points out, first writing paper from EC headquarrural parishes in southeast En- tended as a consciousness-raising ters tends to be marked entresse media or anything else is meant, gland. The Reverend Judith Rose, event for the Belgian people. They provisoire — temporary address. he said. "We should not and cannot 50. a former deaconess, was or discovered they were selling two "For almost 31 years a temporary retreat from the class and party dained last year following the Anthirds of their GNP abroad; they address — that's the resume of Belapproach, from the requirements of

## dealers and money launderers. Bil- Reform Troubles dered through Panamanian ...

(Continued from Page 1) Mr. D'Amato is co-chairman of folksy-mannered and astute politi-

> Eastern Europe, has leaned toward ways to relaunch the peace process embracing rather than resisting Mr. Mr. Zbivkov, who receotly

Instead, the Bulgarian chief evi- promoting peace in the Middle The group led a movement against General Noriega last June but fled to avoid arrest on charges They were met at the airport by

was lined by people waving white cow.

Flags as a sign of support.

Overall, the Bulgarian reforms disclosure of the reported plan competity home after the passage of a general Union. While Mr. Zhivkov has as one put it, by allowing participroject. copied — n little haphazardly — pants to try jointly to construct a key economic initiatives from the legal explanation for their actions. Soviets and from Hungary, glas-nost, or greater openness and de-

isolated instances. Calls for civil disobedience grew As for other veteran East Europeans, glasnost poses special inaction over the memo — if true threats to Mr. Zhivkov. Discussion — could force Mr. Meese to resign.

Outlining the reforms at a party plenum in July, Mr. Zhivkov ac-

In his report this week, however,

"Regardless of whether produc-

# bragged that be had "the heart of a 45-year-old," appears determined not to be propelled toward the retirement accepted last month by Gustav Husak of Czechoslovakia, (Continued from Peop I) Peres, who was Israel's prime min

(Continued from Page I)

Officials familiar with the independent counsel's investigation, stressing extreme sensitivity surrounding the memorandum within

tice Department and other government agencies said the report of his

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## ARTS/LEISURE

# Paying the Earth for Lalique's Glass 'Objets'

PARIS — The cult of relics is hitting the art market. The moor distinction, their fortunes at auction seem ensured

The sale of glass from the René Lalique factory conducted Monday at the Hôtel Drouot offers the most extreme case I have witnessed. The auctioneer Hubert Le Blanc and the expert Felix Marcilhac, who wrote the catalogue, had one modest trump in their hand. The countless powder boxes, scent bottles, and stop there except for references seals, brooches and sundry items to page and plate numbers of his came from the estate of a man called Hector Favrat, a glassmaker who worked closely with Lalique to translate into glass Lalique's designs jotted down on paper. Nothing is known about the pro-

cess that went on between the two. on the job for 25 years and knows It can only be surmised from some of the unfinished pieces among the 362 lots offered Monday. These were not exactly a "collection," as logue reached just about everybody the catalogue states, but an unpretentious accumulation made hap-hazardly by a craftsman who kept ies, came from Denver. A collector pieces that meant something to him in-trade pieces that must have been lying around in dark corners.

as a record of Favrat's activity, is ment a link is perceived between a the work of an expert who, by now, well-known name and objets d'art, knows more about Lalique than even glass banbles of no great age anyone else. Marcilhac has been working for years on a catalogue raisonne which includes 3,000 en-

#### SOUREN MELIKIAN

tries and is due to appear in the fall. Unfortunately his entries, which seldom exceed 20 words, state type, medium and color, mention signatures, say if the piece was secialized, future catalogue. Dates, more interesting to the layman, shine by

If there is more than a Gallie touch of highbandedness to the outsider, Marcilhac, who has been who mattered to him. Laurens Tarand specialist in scent bottles from - trial pieces, rejects, even stock- Palm Desert, California, sat next to him. Bernard Danenberg, a New Yorker with a boutique at the Lou-

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"Rosaces Figurines," a vase which went for 112,648 francs.

"coquilles" (shells) by Lalique, is intermediate stage in artistic crecommon in transparent glass, but ation. blue is an outstanding rarity.

tually he bought nearly 40 percent did the grotesquely small illustra-

vre des Antiquaires in Paris, was sale. With the arrival of lot 28, a there too, buying for a Japanese trial piece for the base of a bonbon-elient. The result was spectacular. nière, called "cyprins," tempera-ture had reached boiling point. The opened the proceedings, it was blue base, molded with swirling clear that the sale would go with a fishes (a cyprin is a type of carp), bang. The first piece, a blue glass multiplied Marcilhac's estimate 18 box seven centimeters (2.75 inches) times as it soared to 26,709 francs. in diameter was acquired by Dan- This unexpected figure reflects a enberg for 5,413 francs (about new museological approach to La-\$950), twice the estimate. Danen-lique's work — the piece is interestberg says the type of box, called ing for its documentary value as an

There were some other striking Lot 3, a square box with the cases. With an ivory cylinder four climbed to an amazing 28.974 image of a cat, went up to 7,060 centimeters high carved in high refrancs in the name of modernistic francs, four times the estimate, to lief with feminine and masculine research in the decorative arts. Danenberg again. This time, he figures, few were prepared for a says, the model is rare and his Japa-sensation. Marcilhac's 2,000-franc nese client did not have one. Even- estimate hardly suggested one, nor graphic work from the periode mein value of the 2.5-million-franc tion in the catalogue, so tiny that

berg got the ivory — for 77,080 francs — presumably because this catalogue is to be trusted, as a "study for a ring," but the cylinder was too narrow to allow a child's finger through. Common sense tells you that the high relief figures would have broken the minute they were rapped on a hard surface.

But common sense may not have been Lalique's most distinctive fea-ture, as was shown by some bracelets from his Art Deco phase. Lalique, who never forgot his early days as a jewelry designer, tried to imitate in glass the visual effect of gems and precious metals. This inspired the yellow glass bracelet with angular projecting elements suggestive of a cog, hence its name "engrenage" (gearing). Danenberg, who got this for 23,312 francs, says it was meant to look like transparent gold. It certainly has the exag-. gerated faceting fashionable in gold jewelry at that time. The trou-ble is that when made of glass these facets have a nasty tendency to break with potentially dire consequences. According to Marcilhac, only four specimens were pro-duced. The planned series was ditched to avoid further lethal cuts

A determined man, Lalique tried again and again. The sale included a thick red glass bracelet with small notches that give it the appearance of a miniature truck tire. The unfinished trial piece, 10 centimeters Favrat, the man who had to translate Lalique's ideas into plausible pieces, must have kept the reject as a souvenir of art in the making. On Monday the miniature glass tire research in the decorative arts. Done around 1928, it is a watered down reflection of Leger's earlier

On the whole however, it was

sale. Lalique had no compunction is a unique trial piece, done, if the about trying his hand at every pos-catalogue is to be trusted, as a sible style. He was a designer anxious to satisfy his clients - which included such haute couture figures as Jeanne Lanvin. He executed a transparent glass seal with the Lanvin logo, which is shaped as a woman and child standing on a circular base stylized in the standard early Art Deco manner. That sold for 68,187 francs. When commissioned to do a scent bottle for Roger et Gallet, he promptly imitated Chinese snuff bottles — stylized parakeet, jade color and all, calli for good measure "Le Jade." The master model, identified by a handwritten label, "modèle," zoomed to 25,011 francs, six times Marcilhac's

Another scent bottle, done for the d'Orsay firm, equally derivative in an entirely different vein, did better still. The glass shape is based on some Japanese stoneware vessel of the chaire type, while the two nude women coyly holding to the twigs of a blossoming tree are stock-in-trade motifs of the later 1900s. "Pour leurs ames," as it is called, whizzed to 58,184 francs. This brief world record for a

cent bottle by Lalique was beaten 15 minutes later by a bottle drawing its inspiration from a different repertoire. "Rosaces Figurines" is a vase of circular design with flat sides, a rectangular base and a low neck, which goes back to a Chinese porcelain model of the 18th century and, ultimately, to an early bronze prototype of the sixth century B.C. On the sides, four women are modeled in low relief with great skill in a manner reminiscent of the 19thcentury sculptor Carpeaux and his school Their heads meet in the center as their bent bodies swirl to form a swastika design picked up from the ancient world.



Perfume bottle "Pour leurs ames," sold for 58,184 francs.

instance, which he says also be- attendance. longed to someone connected with the Lalique firm. These were essays that never came to be commercially produced. The mustardy scent botfor his Japanese client, and Tar-

Von Stade, one of opera's more

from seeing it through the eyes of ple, so many of whom have strig-her two children — aged 7 and 10, gled in the past or continue to

tasteful and affecting singers, "adored" the show and profited.

piece from the Favrat estate has a tentious manner and is obviously mustardy gold patination of which eager to do the right thing went Marcilhac knows only one other down very well with his America

The lesson for the international market is interesting. There is plenty of money around, from Denver to Paris to Tokyo, for objets d'art tle was the object of intense compe-tition between Danenberg bidding an impeccable provenance and are not hyped to death. Estimates were. tasky of Denver battling for his low and so were the reserves. Byorado beat Japan at 112,648 francs. that they were not being kicked to For the French market, Mon- pay more, were willing to pay the Hundreds of specimens of this day's sale is a small triumph. Le earth. The sale left three lots in highly popular model were proBlanc, who conducted his anction sold, 0.4 percent in value. Whoever duced in translucent glass. The in a very straightforward, unpreheard of a financial crisis?

says, the amount of money "Phan-

tom of the Opera" stands to make is a sensitive issue for creative pro-

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Oil Discovery Alera 30 year secret. Personnia. So the livel time. Expendence is the million fraction.

By Bernard Holland is not unhealthy. Well, 17 years ported having turned off the iclass have passed and the chutzpah's vised performance of the Requirement. turned into commerce, and the em" after 20-minutes of listening music of Andrew Lloyd Webcom into smarm. The charming several years back, complaining of vulgarity of 'Superstar' has become the unbearably sacrharine quality, merely vulgarity."

No matter what any musician ber's "Phantom of the Opera" worth? Some composers and performers for whom songfulness is

Lloyd Webber's Opera Music Is Not So Phantastic



such ambitious pieces as "Songs of Innocence and of Experience" but, Lloyd Webber's "Phantom": "The charming vulgarity of 'Superstar' has become merely vulgarity."

"It's a lot like operas written in Christ Superstar" some years back, all laid out with skilled clarity. The the late 17th century," he said. 'Can you really extract the music of Cavalli from all those cherubs and wires and machines and make it stand on its own? I don't think so. In shows like 'Anything Goes' at the Beaumont, it's the songs of Cole Porter—their wonderful procision—that matter. The plot itself

Of East-West Music Making

The plot itself

is pretty creaky."
Bolcom sees "Phantom" as simply the latest phase in a lasting inglish rage for Italian opera, one that stretches back almost 300 poston — Opening night of years. "It reminds you of William Making Music Together," a Vincent Wallace's pieces in the three-week arts festival to be staged that stretches back almost 300 19th eentury," Bolcom said, here by American and Soviet per-

By Alan R. Gold

New York Times Service

Bolcom and Morris afternoon at There's a lot of Puccini in Lloyd Town Hall — was asked if "Phantom" is a powerful score or simply a subsidiary prop in a larger spectacle — music by which to watch "The Phantom of the Opera."

There's a lot of Puccini in Lloyd Webber, from "The former was a show-biz pasticked of everything from Palestrina to Penderecki," he said. "What it lacked in originality, it made up for cally about Lloyd Webber's "Jesus in the infectious chutzpah of youth of misic."

ture the Soviet conductor Jansug Kahidze and the violinist Maxim

Sarah Caldwell, the artistic di-

rector of the Opera Company of

Boston who played the key role in organizing the cultural exchange, announced the details of the festi-

More than 285 Soviet dancers,

musicians, composers and poets from the Soviet Union and an

equal number from the United

States will be involved in the festi-

val. In October 1989, 200 American artists are scheduled to visit Mos-

cow, and possibly Leningrad, for the Soviet half of the exchange.

Among the highlights is the U.S. premiere March 12 of the comic

opera "Dead Souls," by the Soviet composer Rodion Shchedrin. The

opera, to be directed by Caldwell,

is scheduled to be performed sever-

**Boston Hosts First Round** 

"I thought the portrayals of opera were very human and loving in fact the show itself seemed to me opera in its most accessible state, won Stade said."

Struggle.

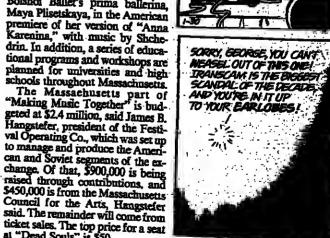
The laype, surrounding like. Phantom of the Opera, centers dimost exclusively on its unpresentent of the control of the Opera. "What we have is a big public ty of its score. Despite Andrew entertainment," Bolcom said, "and Lloyd Webber's vast fortune. I Lloyd Webber shows more sophistication in this show than he might

want to be accused of. There's a certain canniness in the details the whole-tone scale for the new INONESBURY opera, the fugal entries, the way scenes are structured musically. It's not the work of a primitive. There's

But does Lloyd Webber's music



HED SAY, "I JUST WENT TO formers starting March 11, will fea-composed of Soviet and American ANOTHER MEETING WHERE WE musicians, and Wengerov in a viohin concerto by the Soviet composer Andre Petrov. Caldwell described SECRET PLAN THAT I MIGHT HAVE RESERVATIONS ABOUT LATER. Wengerov as a "wunderkind." His co-conductor that night will be Seiji Ozawa, the director of the Boston Symphony Orchestra. The program will also include works by Dmitri Shostakovich, Shchedrin There are three events a day scheduled during the three-week festival, which will also feature the Bolshoi Ballet's prima ballerina,







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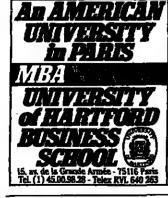
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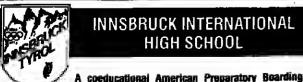
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is scheduled to be performed several cimes before the festival ends April 2. Shchedrin was Caldwell's counterpart in the Soviet Union in setting up the exchange. In "Dead Souls," artists from the Bolshoi and Kirov operas will share the stage with American artists Should be staged in the stage with American artists Should be staged through contributions, and Should be staged in the Artis Handstefer. from the Opera Company of Bos-

Council for the Arts, Hangstefer ton.

On opening night, Kahidze will come from ticket sales. The top price for a seat conduct the Festival Orchestra, at "Dead Souls" is \$50.

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# Brazil's Uncertain Path

## IN THE NEWS

Nov. 13: U.S. Imposes Trade Sanctions

President Ronald Reagan imposes \$105 million in tariffs on Brazilian exports to the United States in resaliation for Brazil's re-strictions on U.S. computer software. The action came after four years of talks with Brazil, which has acted to limit foreign access to its markets. The sanctions represent the U.S. estimate of the annual loss to American computer companies because of Brazil's protectionist policies.

Nov. 15: Legislators Vote To Limit Sarney's Term

Pending endorsement by the Constitu-tional Assembly, Brazil's legislators vote to limit President José Sarney's term to four years. If approved, the measure would mean that the first direct presidential elections in Brazil since 1960 would take place in November. Opinion polls show that 80 per-cent of Brazilians favor an election.

Jan. 3: Judge Orders Trial of Retired General

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A judge orders that a retired four-star general be tried for the 1982 murder of a journalist in what could become the first prosecution of a senior army officer since the return of civilian rule in 1985. The gener-al, Newton Crúz, whose last post was as military commander of Brasilia, was charged along with two aides with the killing of journalist Alexandre von Baumgarten, his wife and a boatman.

Jan. 5: Finance Minister Announces Priorities

Mailson da Nóbrega, an economist and longtime government official, is appointed fi-nance minister. He replaces Luiz Carlos Bresser Percira, who resigned in December. orted having turned of its and Mr. Nobrega said he would give priority to reducing inflation and work toward reaching a quick accord with foreign creditors to ease the burden of the country's \$113 billion foreign debt.

> Jan. 11: Debt Talks Begin In New York With Creditors

Brazil and its leading creditor banks, bleaded by Citicorp, begin talks in New York on restructuring the country's 570 billion in medium- and long-term debt. Before the meeting, a Finance Ministry source announced that Brazil would seek a quick agreement with the IMF on its foreign debt and that it had dropped a long-standing demand that private banks first agree to a refinancing package.

Jan. 22: Brazil Ready To Pay First 1988 Interest

A Finance Ministry official announces that Brazil is ready to make an immediate payment of \$240 million toward its 1988 erest on debt to commercial banks.

Jan. 26: U.S. Protests Libyan Delegation Visit

The U.S. Embassy in Brasilia condenns the wait of a Libyan military delegation to grazil and denounces possible arms sales to Libya. The Libyan delegation is in Brazil to begin negotiations on an arms sale that could be worth more than \$2 billion. The embassy did not say it would take any action to prevent a weapons sale and the Brazilian Foreign Ministry refused to comment on the U.S. statement.

## IN THIS REPORT

Shaping the Future 8

Brazil is searching for a new political model that can resolve some paralyzing contradic-tions between its First World economy and Third World society. Debate on constitutionissues is under way in Brasilia.

Auto Sales Slump

Last year Amelatina, the holding company representing Ford and Volkswagen, lost \$200 million and laid off 10,000 workers in the auto industry's worst year since 1971.

The Rural Poor

Deep rooted poverty in the 10 states that walke up Brazil's Northeast poses the com-say's biggest social challenge. The question is thether there is the political will to make the astropaive reforms that would eradicate the

Amazon Conflicts 11

The Tocantins bridge, which has opened up the Amazon region to hundreds of thousands of settlers, mining prospectors, ranchers and lumbermen; has become a blood-stained landmark of social violence.

Oil Discovery

After a 30-year search, Petrobras, the state oil company, strack oil last year in the Amazon for the first time. Engineers said the proven reserve is 182 million barrels.



obstacle to sustained development, as it stifles savings and productive investment. In the 1970s and early 1980s, wage indexa-

tion was the magic formula that concealed the

problem, but in the end the scramble of each

group to stay ahead showed that it was simply

a modus vivendi that did not confront funda-

mental problems. Freezing prices turned out to

Continued on page 8

Independently of governments and the vaga-

## Wanted: A Degree of Coherence In the Government's Policies

By Pedro Pablo Kuczynski

EW YORK - No visitor to São Paulo, Rio de Janeiro, or Belo Horizonte, no driver of a Volkswagen
Fox, the highly rated Brazilian
compact exported to the United States, no
commuter airline passenger flying an Embraer,
no soldier on the Iran-Iraq front in a Brazilianmade armored car can doubt that Brazil is indeed a major industrial power.

At the same time, the drag of poverty in the north and northeast, where about 50 million of Brazil's 140 million people live, and the blow of

#### VIEWPOINT

the debt crisis prompt the old question of whether Brazil will always be the country of the

In the 30 years to 1980, when growth in Latin America started to wobble, Brazil, with one-third of the population of the region, accounted for almost two-thirds of its economic expansion. Income per capita quadrupled in real terms. Even though there was much dis-cussion, especially in the 70s, about how evenly this prosperity was spread, the fact remains that Brazil has created n broad and strong middle class and that agriculture, a big provid-

PEDRO PABLO KUCZYNSKI is co-chairman of First Boston International and managing director of the First Boston Corporation. er of jobs in rural areas, was a major contribu-needed to promote greater energy indepentor to economic expansion. dence, meant that governments tended to keep Brazil thus avoided the mistake made by a loose rein oo state enterprises. Their deficits, sometimes hidden from public view, stoked the fire of inflation. To this day, inflation and its various causes are the single most important

some other Latin American countries of trying to ram through industrialization while at the same time stanting purchasing power in the rural areas by keeping farm prices low for the benefit of the urban masses. Much of the credit for the strong economie

performance of the 60s and 70s must go to the institutionalized government system estab-lished by the armed forces in 1964, Instead of the classic caudillo type of autocracy that has been so prevalent in Latin America, the Brazilian armed forces created an institutional al-though highly centralized system of govern-

A basic tenet of the regime was to let civilian professionals run matters that required technical competence. Another was that presidents were representative of the armed forces and should not be potential firebrands; indeed, most of the generals who succeeded one another regularly over 21 years were almost self-

The stability and continuity of the military regime and a favorable international environment gave Brazil a golden age of industrialization, especially up to the first oil crisis of 1973-1974. The need to import almost 80 percent of oil needs at that time forced Brazil to borrow abroad on a large scale or else abandon growth. The foreign banks obliged, although with considerable hesitation during the two oil crises. . The strain of keeping growth up despite the oil import constraint, and the huge investments

Interview



Brazil's new finance minister, Mailson Ferreira da Nóbrega, served as general secretary of finance under his predecessor. Luiz Carlos Bresser Pereira, who left office in December. Mr. Nóbrega spoke with Mac Margolis and William A. Orme Jr. on Jan. 14 in Brasilia. The following remarks were excerpted from the interview.

Q. You are the fourth finance minister in a little less than three years, and you have assumed office in conditions almost identical to your predecessors: inflation of about 14 percent a month, problems containing the delicit and problems with debt negotiations. How do you evaluate this moment?

A. I think the situation is now better, much better, than that which Mr. Bresser had to face when he took over [in April]. First of all, relative prices are in equilibrium, or relative equilibrium. There are still some gaps to be filled, some adjustments to be made, but the chaos that was prevailing at that time does not

Q. Mr. Minister, could you clarify Brazil's position toward the International Monetary Fund? Now, you have said your predecessor was never opposed to an agreement with the IMF. What he opposed was this mechanical, automatic linkage between commercial loan

and the second program of the second second

disbursements and meeting IMF targets. However, it's well known that that's exactly what your commercial creditors are asking for, automatic linkage. Isn't this the basic

A. No, I don't think so. What we have been saying here is that the IMF is important to make it feasible for Brazil to get access to other sources of financing. At the same time, we keep saying that we don't see any occessity for Brazil to sign first with the IMF as a precondition for a financing program with the banks. These were positions made by Minister Bresser that we are keeping. Of course, there is some resistance from the banks. Some banks state that linkage is essential, others say it's not. So, it's a matter of talking and discussion, but we are confident that eventually the banks will agree with us.

Q. A cynic might say that the question is academic, because even when countries like Argentina, Mexico and others bave consistendy overshot their IMF targets, it is very rare when banks actually do cut off their loans. After all, they are loaning in order to be paid back themselves. If that is true, why does

it matter to Brazil? A. Because it is important politically. There

Continued on page 10

# Faltering Economy

A Nationalist Tone

Seeks a New Model

By William A. Orme Jr.

AO PAULO — Latin America's biggest industrial center displays few ap-parent signs of crisis. A 30-mile swath of skyline is broadening further with new office buildings and shopping centers. Fine ethnic restaurants are packed week nights. Highways are crowded with commuter traffic; the well-kept cars are virtually all locally manufactured, as is the molasses-redolent alcohol they burn.

Factories work overtime to fill overseas or ders. The automotive industry, including Brazil's increasingly successful armored car manu-facturers, tallied a record \$2.8 billion in export sales last year. Citrus concentrate plants here supplied most of the world's exports of frozen

orange juice. San Paulo's Empresa Brasileira de Aeronau ica, cited often as one of the best-run state companies anywhere, sold scores of sleek pasenger aircraft to Europe and North America.
The farm country ringing the manufacturing district is planted with the lucrative soybeans that have displaced coffee as Brazil's leading

agricultural export. "São Paulo is the engine that makes Brazil

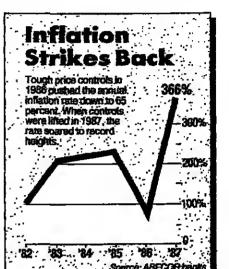
go," a foreign diplomat said.

But Brazil's engine has been sputtering lately. Greater São Paulo, with nearly half the country's installed industrial capacity, is suffering the same slowdown in private investment that has been plaguing most of the rest of Brazil for the past five years.

Underemployment is rising and real wages are falling, both for blue-collar factory workers and their college-educated supervisors. São Paulo wholesalers reported that staple-foods consumption dropped 25 percent in 1987's final quarter as compared with the same period year earlier. Private school enrollment is declining; so are car sales.

"For the first time, the middle class is being hit hard," said Larry Willmore, a United Nations economist who has specialized in Brazil for the past five years. "The economy is oow in

WILLIAM A. ORME JR. contributes to The Economist and The Washington Post from Mex-



real recession, real decline, and it does not look

like it is going to get out of it easily."

This painful end to the Brazilian "miracle" is prompting a broad-ranging national debate over economic strategy and philosophy. Politicians, bankers and economists discuss debts and deficits nightly on television news shows; economie policy disagreements dominate con-gressional sessions in Brasilia and the opinion columns of the quality national press.

The often nationalist tone of these discussinns has disturbed some foreign observers. While other Latin American economies are lowering barriers to trade and investment, Brazil has seemed to be veering toward greater protectionism. A nation whose hallmark has been pragmatism is examining economic policy in increasingly ideological terms. Symptomatic of this trend, critics say, are its ban oo computer imports and moves to limit nascent industries such as mining to local capital.

Some economists warn of impending indusrial obsolescence - what some call the inevitable "Argentinization" of Brazilian manufacturing if the government continues to restrict

Continued on page 8

# Brazi enters the titanium

Brazil has gained entrance into the exclusive club frequented by producers of raw material for the titanium industry. Titanium is, like niobium, silicon and the rare earths, part of the Third Wave group of metals.

Titanium oxide is a multi-purpose product: it is used for making paints and vamishes, yet it also is the raw material for titanium and essential to the aerospace industry which requires light, pure, resistant and low-cost metal alloys.

Usually titanium oxide is mined from ilmenite and rutile, both of which are very rare in Brazil. However, in the seventies, CVRD Group geologists found rich reserves of an ore which until then had only been known on paper: anatase.

Thereupon followed twelve years of hard work. The company made survevs and invested twenty-five million dollars in the project. And its efforts paid off: it will produce over one billion tons of titanium concentrate from anatase extracted from its mines. To this end, it installed a pilot plant in the state of Minas Gerais which produced a mineral concentrate with a titanium oxide content above 90% which is considered of excellent quality by prestigious industries in

Companhia Vale do Rio Doce's income will top one hundred million dollars and it will produce 200,000 tons per year to meet the needs of the domestic and foreign markets.

The future has now come to Brazil in the shape of Third Wave metals.



Companhia Vale do Rio Doce

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## Young Democracy Has Failed To Produce a Social Contract

By Juan de Onis

RASILIA — Brazil is searching for a new political model that can resolve some paralyzing contradictions between its First World economy and Third World soci-

ety.

The weak government of President José Sarney, beset by inflation and eroding popular support, has provided little leadership on shaping Brazil's future since it took office in 1985.

The task has fallen to a popularly elect-ed Constitutional Assembly of 559 legislators. This body has been working erratically for nearly a year on a new constitution to provide a framework for national development.

Clear signs of a halt in Brazil's eco-nomic growth has given new urgency to the political struggle over how this country's 140 million people should manage their huge economic potential.

Policies, such as heavy borrowing abroad, that have sustained Brazil's percent annual development since World War II no longer work. Last February, Brazil halted interest payments to private foreign banks on \$68 billion in debt.

Populist income redistribution and price control measures, designed to boost internal demand, have been consumed by inflation, which is now at 16 percent a month. Huge deficits in state enterprises have undermined public investment, reducing growth.

"Until new rules of the game are defined, Brazil is going to be marking time.
This is going to be a lost year," said
Francisco Gros, executive director of
Aracruz Celulose, a Brazilian-owned pulp and paper company.

Voting on the constitution began at the end of January and will probably last until May since breaks for Camival and Easter will delay the outcome.

Two basic tendencies over the constitution are in opposition in Congress. A relatively conservative majority, called the Centrao, or Big Center, favors economically liberal principles that sup-

port national private enterprise, a market

economy and selected foreign investments. The Centrao has backed a limited agrarian reform plan, excluding familyoperated farms; collective bargaining with unions on labor contracts; a 44-hour workweek, instead of 48 hours, and severance pay for workers based on length of

A militant leftist minority, skilled in parliamentary maneuvers, wants to adopt a constitution that follows a stateplanned socialist and ultra-nationalist model. This group drafted the text that is now being put to vote, and the Centrao



President José Sarney.

has to muster a majority of 280 votes to amend it.

The confrontation in the Constitutional Assembly over principles has become a struggle for personal power as well. The leftist minority reduced Mr. Sarney's term from six years to four in the draft constitution in hope of forcing a direct,

popular election for president this year. Mr. Sarney, 57, who is in close contact with leaders of the Centrao, has fought back and believes that he has assembled enough votes to be assured of a five-year term. That would put off presidential elections until the fall of 1989.

Public opinion polls have shown that a wide majority wants elections this year. A delay until next year would mobilize powerful political protest.

Leonel Brizola, a populist former governor of Rio de Janeiro, has announced that he is a presidential candidate for this year. So has Luis Inacio da Silva, a former autoworker union leader who heads the Catholic left Workers' Party, a rising

The Brazilian Democratic Movement Party, which has a majority in Congress, is split over Mr. Samey, although it has key ministers in the cabinet and 22 governorships. The left wing of the Democratic Movement wants a break with Mr. Sarney and elections this year.

Mr. Sarney's chances for a five-year term, when the vote comes, depend on the government's ability to control inflation while avoiding a recessioo and an increase in unemployment. In early 1986, facing explosive infla-tion, Mr. Sarney launched a price-and-

wage control plan, with a monetary re-form that temporarily stabilized the cruzado. Initially, this was very popular, but the plan collapsed because Mr. Sarney failed to reduce public deficits and

spent Brazil's foreign reserves on import-ing consumer goods. This led to the debt "That sleight of hand can't be repeated now. This time, Sarney will have to save himself by an orthodox dose of financial austerity," said Senator Roberto Campos, a champion of the liberal econo-

But austerity that cripples growth is politically dangerous for Mr. Sarney. A country that has to generate employment for three million oew job-seekers each year cannot stop growing for very long without risking social conflict and politi-

The dangers are apparent to the powerful private business sectors, as well as political parties and other forces that influence public decisions, such as the armed forces, the Roman Catholic Church and the independent media and intelligentsia.

Antonio Ermirio de Morães, a São Paulo industrial tycoon, is the biggest producer of cement and aluminum prodacts in Brazil. He was an outspoken supporter of a return to democratic rule in 1985 and harbors ambitions to be a candidate for president.

In an interview in O Estado de São Paulo in December, Mr. de Morães said:

"For 10 years we spoke badly of the dictatorship, asking for the return of de-mocracy. The blunders of the new gov-ernment have been so great that they have become a catalyst for the return of an authoritarian government. It is sad because an authoritarian government is not the solution. But it would be no

After 20 years of authoritarian military rule. Brazil restored an open, democratic system in 1985, Congress elected Tancredo Neves, a moderate opposition leader, as president.

Many Brazilians thought the election of Mr. Neves and a strengthened Congress would solve problems and provide ompetent leadership. The result has been just the opposite.

Mr. Neves died before taking office.

The presidency went to Mr. Sarney, a former governor of Maranhão, a small northeastern state, because he had been selected vice president in a political deal. Mr. Samey lacked Mr. Neves's popular support and authority over the major governing party, the Brazilian Democrat-

The armed forces, led by General Leonidas Pires Gonçalves, the army minis-ter, backed the Neves election and have shown no desire to displace Mr. Sarney.

## Constitutional Issues at a Glance

The debate on the draft constitution in Brasilia has centered on the following issues:

System of government

An amendment creating a parliamentary government, led by a prime minister, is in the text adopted by the General Commission of the Assembly. This would reduce the president to chief of state, with limited powers, and increase congressional power.

Length of President José Samey's term The draft text establishes a four-year presidential term in the general articles. The present constitution fixes a six-year term. A transitory article terminates Mr. Samey's present term on March 15, 1989. This

would require a direct presidential election this year.

The draft says that farm land can be expropriated in the "social interest" with payment in long-term agrarian bonds, when the property does not meet standards of "rational use" and environmental protection. Family-operated farms are exempted.

Industrial protectionism and technology development The text contains the nationalist criterion that defines the Brazilian market as a "national patrimony" reserved to Brazilian companies. An amendment softens the criterion of a "Brazilian company" to allow foreign capital participation.

State monopoly on petroleum

The text extends the existing monopoly in favor of Petrobrás, the state company, to include distribution of products, which would eliminate private filling stations. The text also would terminate "risk contracts" under which private oil companies can explore for oil under contract with Petrobrás.

Job stability

The text guarantees workers against "unmotivated dismissal." Employer organizations as well as some union leaders have testified that the proposed change would generate massive dismissals and job instablity. An amendment would guarantee severance pay, based on length of service, for termination of a work contract.

The text increases the share of states and municipalities in general tax revenues. Mr. Samey has said the text is unworkable.

The military leaders say they are "consti-

For many political scientists, such as Helio Jaguaribe, the problem is not Mr. Samey, but the fact that the democratic process has not produced a national majority that can agree on a "social contract" on which to build a fully modern

Mr. Jagnaribe said he thinks a new election would help define the areas of

Others argue that the presidential sys-tem concentrates too much power without safeguards against corruption, and support a parliamentary system of government. The Constitutional Assembly will vote on such a proposal,

Brazil is one year away from celebrat-ing the centennial of the overthrow of a reditary monarchy.

The revolutionaries of 1889 founded a presidential republic that has been shaken by military coups, a corporativist dictatorship under Getúlio Vargas, presi-dential suicides and resignations. In the past 30 years, there was one successful democratic period under the late Jusce-lino Kubitschek (1956-1960).

The challenges to democratic govern-ment now are basically social inequality and weak political institutions. Political parties are unstable, lack a doctrinary base and are discredited by corruption.

In the creation of wealth, Brazil has achieved the production of \$250 billion a year in goods and services, making it the 10th largest economy in the world, However, tens of millions suffer from malmitrition, sickness and illiteracy and have only primitive housing. Most families live on incomes of less than \$80 a month. In the distribution of wealth, Brazil remains a country more of rags than

JUAN DE ONIS, a journalist based in Brazil, contributes regularly to the International Herald Tribune on Latin American affairs. He is writing a book on Amazonia for the Twentieth Century Fund.

## Wanted: A Degree Of Coherence in Government Policy

Continued from page 7

ries of economic crises. Brazil has two major features that are fundamental for its future prospects: size and a sense of national pur-

With a \$275 billion gross national product and an area larger than the coouncutal United States, there is no doubt about the size. A strong sense of purpose may appear surprising in a multiracial society, but Brazil has over its history managed to create a nationally unified society with racial tolerance. Social and economic tensions exist, but the historic divisions visible in many other so-cieties, industrial and developing. are not evident. This fosters a tolerance to innovation and an aversion to traditionalism that is healthy for development. Add to this a strong entrepreneurial class.

A third factor often cited is the abundance of physical resources, from water and hydroelectric sites to mineral wealth. The successes of Japan and Switzerland, however, cast doubt on whether physical resources are really such a critical factor. Nonetheless, resources plus promotional policies to develop them have played a dynamic role in growth.

In the last five years alone, which were years of economic cri-sis, steel production went up 50 percent, coal 35 percent, crude oil 200 percent, alumnum 180 percent, and raw paper pulp 50 per-cent. In steel, aluminum and tin, Brazil in the last 10 years has become a major factor in world markets. The successes of Petrobrás in building up domestic oil production, which now accounts for more than 60 percent of consumption. make Brazil far less vulnerable today than it was in the 70s to an eventual increase in world oil prices. Despite a depressed domestic market, vehicle production in the period 1982-1986 went up 60 percent, with most of the growth going into exports.

What, then, is missing? More than anything, coherence and continuity in government policies. A saying goes that Brazil grows at parable to the Italy of some de- stalled in 1985.

cades ago: apparent political tur-moil at the top but a vibrant economy underneath. Yet basic reforms are needed.

First, an accommodation must be found with Brazil's creditors. involving on the side of Brazil, a credible economic program, predictability in debt servicing and a viable debt-equity conversion pro-gram. The bank creditors, for their part, most grant major concessions to permit the conversion of part of the debt into longer-term

lower-cost obligations. Second, as a player in the big leagues of world trade, Brazil urgently needs to develop a more flexible and less protectionist trade policy: For example, as jus-tified as the policy of lostering a domestic informatics industry is, one cannot expect the United States to import cars, planes and orange juice from Brazil — all of which compete with U.S.-made products - while advanced U.S. industries are shut out of parts of the Brazilian market.

HIRD, and most important, the state sector must be reined in. In the words of Alan Riding of The New York Times (Dec. 20): "Since the Latin American debt crisis began, the state's role has changed from one of stimulating growth to one of living off the rest of the economy." More than 500 mostly deficit-ridden state enterprises vie with penurious state governments to get a share of a shrinking federal pie. Five large state enterprises alone, in electric-ity, steel and railroads, are projected to lose \$3 billion in 1988.

A ponderous bureaucracy com-bined with politics slows investment decisions and can cause economic havoc where price controls are involved, as in the dispute between the government and Anto-latina, the Ford-Volkswagen joint venture, over the unfreezing of car prices in October 1987.

Despite the hitches, Brazil is growing. To make it a sustained and continuous effort, a modicum of consensus and good govern-ment is required. With that, Brazil would indeed be a major industrial power in the world by the early 21st century. That is the great night, when the government challenge facing the democratic sleeps. In that sense, Brazil is com- form of government that was in-

## Faltering Economy Seeks a Model Chap Chap smiled, his right hand cranking an an interview. "The banks can say that they

Continued from page 7

foreign capital and technology. While tradi-tional heavy industries prospered behind Bra-zil's protectionist walls, the new high-tech service age demands international financial integration, first-rate technical training and access to proprietary technology, they argue.

"The technological factor is forcing us to forget everything we ever knew about national-ism," said Carlos Alberto Primo Braga, an economist at the University of São Paulo. This is very difficult for a society like Bra-

Yet Brazil's recent exporting success — sales doubled in a decade to \$26 billion last year is seen by others as driving it inexorably toward trade liberalization and technological modernization, if only out of fear of losing the markets on which it increasingly depends. "This is the single most important question

that we face today in Brazil and in Latin America - the issue of our development model," said a high-ranking adviser to President José Sarney. The import-substitution model may be exhausted but the question is, what model should we put in its place?"

The debate is hardly academic. For two decades the fastest growing economy in the developing world, Brazil was stopped cold in the early 1980s as rising foreign debt and oil bills triggered the country's worst recession.

It was then dangerously overheated by the 1986 Cruzado Plan, a bold but badly implemented anti-inflation program that froze prices, boosted wages and lopped three zeroes off the currency. Now the economy is again stagnating, with prospects of record consumer price rises and zero per capita income growth

Advocates of such shock therapy warned at the time that the Cruzado Plan would work only if accompanied by profound fiscal re-forms, including increases in taxes and public sector prices. But the government's "opera-tional" deficit, not including inflation-distorted domestic debt financing, was reduced only slightly to 3.7 percent of gross domestic prod-uct, down from 4.3 percent in 1985. The deficit rose to nearly 7 percent of GDP in 1987 and is projected unofficially at 5 percent of GDP this

"The Cruzado Plan was a lost opportunity," said Mailson da Nóbrega, who m January became Brazil's fourth finance minister in three years.

"The president has indicated that he will support a suitable austerity program," includ-ing a "very tight monetary policy," Mr. Nobrega said. But such adjustments must be grad-ual, he stressed. "It is more important to rebuild confidence than it is to bring down inflation quickly," he said.

The balanced operational budget that economists say is needed to brake inflation may be

politically feasible only after a new government takes power, many observers assert.

"Economists are predicting a recession this year because of government spending cuts, but I disagree with that viewpoint," said Romen Chap Chap, the owner of one of São Paulo's biggest construction firms. The government is getting close to elections, and there are 4,300 municipalities out there asking for bridges and schools and sewer systems. The only way the government can get the support it wants is by spending money. This is political reality." And where will the money come from? Mr. maginary printing press.

When the Cruzado Plan collapsed, inflation burst back with a vengeance. Consumer prices in early 1987 soured more than 21 percent monthly until a second shock program slowed inflation again, but at the cost of a temporary recession. Last year's consumer price index still rose 390 percent, a Brazilian record.

Optimists, among them government economists, believe inflation can be held to 300 percent in 1988, but most forecasters predict a record price rise in the 400 percent to 500

Brazil 'should practice a kind of demagogy of austerity.

Foreign automakers, Brazil's largest source of foreign investment and manufacturing ex-port income, say the combination of rising inflation, strict price controls and an overval-ued official exchange rate is forcing them to scale back export production.

Investor hesitancy has been exacerbated by the seesawing debate over the timing and ad-visability of new presidential elections and, far more importantly, the shape of the new constitution. In draft form, the proposed constitu-tion has unnerved business leaders with its detailed labor code and restrictions on domes-

detailed labor code and restrictions on domestic and foreign private investment.

Adding to this is the long shadow cast by Brazil's \$114 billion foreign debt, the Third World's largest. One year ago, Brazil shocked creditors by cutting off payments on the \$68 billion that the government owes to private foreign banks. With foreign reserves dwindling the last than \$2 billion about a creation of what to less than \$3 billion, about a quarter of what Brazil minimally needs, and industrial output and consumer consumption faltering at home, the government could no longer afford interest

The payments cotoff drew criticism at home as well as abroad. It postponed more than \$4 billion in scheduled 1987 interest outlays. But oppone...is contended it cost the country up to \$1 billion in lost trade credits, plus billions more from the high bank fees and profit margins that Brazil was paying from past debt contracts, without exacting substantive repay-

Ment concessions.

After refusing to sign a loan-triggering economic reform accord with the International Monetary Fund and demanding the discounted conversion of commercial debts into longen conversion of commercial debts into long-term government bonds, Brazil is now reopen-ing talks with the IMF and seeking a private bridge loan that would be the first step toward

bridge loan that would be the first step toward renewing full debt servicing.

Luiz Carlos Bresser Pereira, who took office last April as finance minister after the February 1987 moratorium only to resign after losing a light for higher taxes a few mooths later, still defends the government's defiant debt stance. "I wanted to stress clearly to creditors that we need a new system for the debt," he said in

have political problems with their governments and shareholders, but I also had political problems. How can you justify a net capital outflow

when your economy isn't growing?"

Mr. Nôbrega's more conciliatory position—
he said Brazil needs IMF aid despite the political "trauma" it arouses and wants a "negotiated solution" with creditors—has been praised by foreign bankers and by conservative Brazilian economists and businessmen. But Mr. Nobrega, like Mr. Bresser Pereira before him, is adament that debt repayment must not inter-fere with Brazil's pressing need for renewed

Brazil's definition of an economic slowdown is different from the rest of the world's: Last year's 3.5 percent growth was called a recession in some quarters. But such a rate barely keeps pace with the growth of its population, which at 140 million is already the world's sixth

And Brazil compares itself not with other countries so much as with its own past. In most of the 1960s and 1970s, it averaged better than 7 percent annual growth, with the expansion hitting 12 percent in 1972 and 14 percent in

Brazil entered the 1980s facing the unfamiliar specter of negative growth. The economy shrank a drastic 3.4 percent in 1981, the consequence of rising oil bills. In 1982, it registered 0.9 percent growth, and in 1983 the economy contracted again, this time by 2.5 percent. By mid-decade, growth charged back to 8 percent, but with the Cruzado Plan's collapse per capita

income stopped growing again.

Officials are very worried about the effects of a prolonged recession on a country that has had 7 percent to 8 percent real growth for the past 20 years," said Carlos Langoni, a former central bank president.

A fiscal conservative and vocal proponent of foreign investment, Mr. Langoni is among the many members of the Brazilian financial establishment who consider foreign debt relief essential to economic recovery. Equally impor-tant, though, be argues, are reductions in pub-lic spending—the central cause of Brazil's "economic disequilibrium."

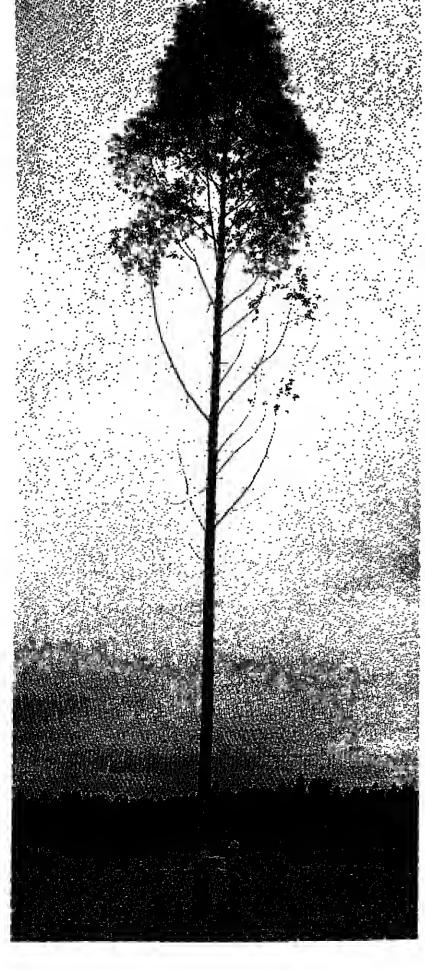
ANY analysts say there is a growing popular sentiment that the government is bureaucrati-cally and financially overextended. They also detect increasing consumer awareness of the benefits to the pocketbook of a less sheltered and regulated economy.

"The government should practice a kind of demagogy of austerity," conservative Senator Roberto Campos said. "People are ready for it. Privatization and deregulation are needed much more urgently here than in Great Britain or the United States."

Other politicians, however, doubt the public's willingness to tolerate the slow growth and high public service costs that austenity policies necessarily imply. Protracted economic hardship could undermine Brazil's emerging demonstrate and consequently increasing its mocracy and, consequently, jeopardize its chances of transforming itself into a modern industrial society, many Brazilians fear.

Business analysts generally remain confident that Brazil's natural entrepreneurial vigor assures it a positive future.

Brazil finished 1987 with a solid \$11.2 billion. trade surplus, up 33 percent from 1986 - a sign to many of the economy's underlying



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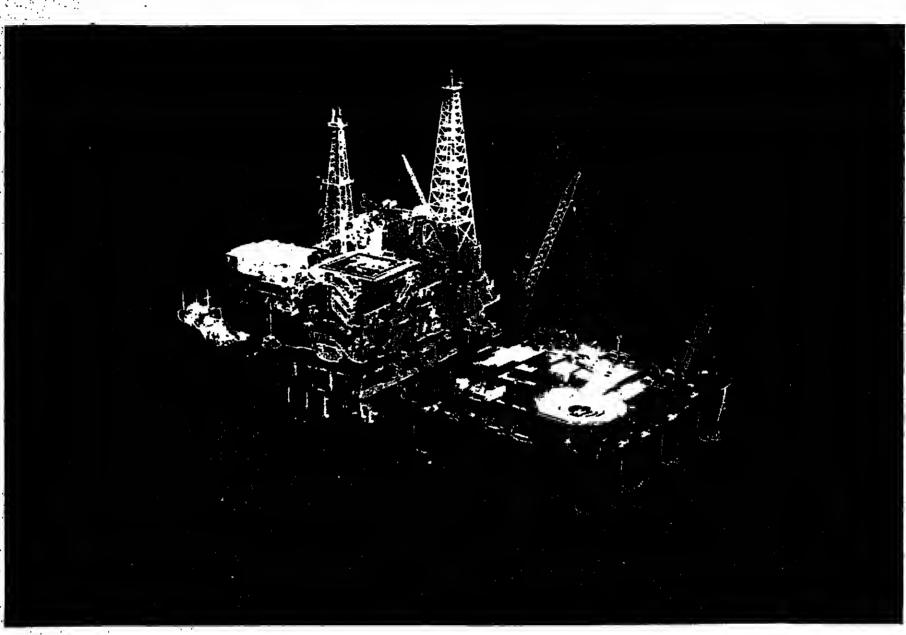
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'Last year was the worst result in more than a decade.'

By Mac Margolis

AO PAULO — One of the celebrated axioms of modern Brazil is that its entrepreneurs bave traditionally been able in cope, and some even to thrive, in times of runaway prices and despite chronic overhauls of the economy.

Like a high wire act, doing business at triple-digit levels of inflation was always risky, but a plain and fairly predictable set of rules of economic life, such as price indexing, or ratcheting prices and wages to inflation, served as a balancing bar against disasters.

But in recent times, Brazil's acrobat impresarios bave been stumped. In a little less than three years, they have negotiated with four different finance ministers, swallowed two price freezes, weathered a record-breaking 365 percent inflation. Almost every trimester, they have been buffeted by government-decreed economic reform pack-

The country's automobile manufacturers, who form the core of São Paulo's industrial belt and whose multimillion-dollar investments hinge on steady signals from

Brasilia, have arguably been among the most acutely affected by the changing economic winds.

Last year, virtually all of the 22 manufacturers of cars, trucks and tractors ended up with heavy losses on their balance sheets. Fiat, which in 1986 made \$60 million in profits, lost money. The sector's leader, Autolatina, the giant holding company representing Ford and Volks-wagen, lost an estimated \$200 million and laid off 10,000

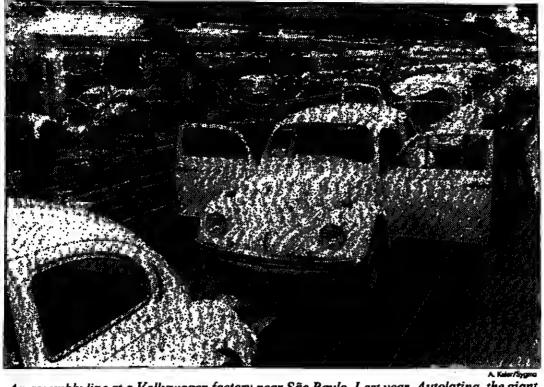
"Last year was a disaster," said André Beer, president of the National Association of Automotive Manufactur-ers, Anfavea. "This was the worst result in more than a

In fact, last year's production of 581,000 units was the industry's worst performance since 1971, just before the

Automobile officials point to a panoply of problems; unrealistic price caps, stiff taxes, strikes, lack of clear rules on fureign investment and an economy still recling from the effects of the 10-month price freeze carried out under the Cruzado Plan.

Robert Stone, president of General Motors do Brasil, explained the curious arithmetic of making cars in Brazil. From November 1986 until the end of 1987, automobiles had price readjustments of 490 percent. In the same period, we had about 338 percent inflation, and average salary increases of 284.5 percent," he wrote in a recent

Although these prices were out of reach of consumers, be continued, "they were still insufficient to cover indus-



An assembly line at a Volkswagen factory near São Paulo. Last year, Autolatina, the giant holding company representing Ford and Volkswagen, lost an estimated \$200 million.

try costs, much less to guarantee profit, the oxygen cessary for the sector to invest and grow."

In their battle with the government over pricing, the automobile manufacturers cajoled, complained and threatened the government. Autolatina even staged a lockout, shutting its plants for almost a week, after the government granted a price increase below what the dustry asked in October.

Then, in Navember, the company rejected government

ceilings and set its own prices.

Wayne Booker, vice president of Autolatina, defended the action, saying, "We were operating within our legal rights." He invoked a previous price accord signed by former Finance Minister Dilson Funaro.

Luiz Carlos Bresser Pereira, Mr. Funaro's successor as finance minister, disagreed. He condemned the company's action as "hlatant civil disobedience" and blamed

Autolatina's losses on "bad business."

The dispute is now in the Brazilian Supreme Court.

where a verdict is expected in February.

Another factor in the industry's poor performance last year was heightened labor activism, sparked by average wage adjustments below inflation. The entire automobile industry was beset with strikes and assembly line slowdowns that reduced production by 50,000 vehicles.

But the principal complaint of manufacturers is the steep excise tax on cars. Through most of last year, taxes esented a staggering 73 percent of new car prices. It took a dealer's strike to reduce the tax bite to 40 percent, still "the highest in the world," according to Mr. Beer.
But not all was gloomy in 1987. In fact, at least since the 1982 debt crisis, one of the remarkable features of the economy has been the ability of the export sector to respond when the home market goes sour.

While sales at home plunged, Brazil managed to export a record 344,000 vehicles, principally to the United States, Europe and the Middle East, All told, automobiles and autoparts accounted for almost \$4 billion in

trade revenues, or 15 percent of total exports.

The Volkswagen Fox, a medium-priced passenger car, has found ready buyers in the United States, and the

company signed a contract to deliver 100,000 Passat "Fortunately, we do not export taxes," Mr. Beer said,

explaining the competitiveness of the export models.

Most industry officials say that the automobile industry is at a crossroads. Since 1956, when the industry began under a development drive by President Juscelino Kubitschek, Brazil has produced almost 18 million vehicles. There is now one car for every 14 Brazilians. The 22 manufacturers of cars, tractors and trucks rank 11th

among world automobile exporters. Brazil has also been one of the fastest growing automobile producers.

However, the industry's capacity, currently a million vehicles a year, has remained static for more than 10 years. To attend a growing population, Brazil needs massive investments and plant expansion.

Despite signs of an economic downturn, General Motors announced in January a \$200 million investment in a new model, the Kadett, and other companies have also cheduled modest investments.

However, industry officials say that future growth hinges on clear rules for investment and pricing and on relaxing controls on technology transfer and trade.

Due to Brazil's tightly controlled informatics policy,

which severely restricts imports of microcomputer products, manufacturers are in the curious and costly predicament of having to produce two standards of car; one state-of-the-art vehicle for export only, and another humbler model for the home market. Brazilians are deprived of such features as electronically controlled anti-skid devices and pollution control apparatuses that are standard overseas

"We're at a critical time in 1988. Investments in the automobile industry are long-term commitments," said Mr. Booker of Autolatina, "We'll be sitting down with the government and discussing which direction they'll be

MAC MARCOLIS is a Rio de Janeiro-based correspon

# Northeast's Poverty Poses Primary Social Challenge

By William A. Orme Jr.

IO DE JANEIRO - The dusty scrublands of Brazil's equatorial shoulder can seem like annther country — the landscape is arid and populated instead of wild and hish, the people are often more Amerindian than African or European, the

poverty is rural rather than urban.
But it is not another country. Its
emigrants fill the favelas, or slums, of
Brazil's south. It is the home turi of the most powerful bloc of radical bishops in the Roman Catholic Church, a group that aggressively champions the cause of the poorest of the poor. Remote as it may seem from the industrial corridors of Rin and São Paulo, it is an area that some Brazilians say could determine their

country's future.

Brazil today is shaping a new constitution and political future. The success of this experiment, some suggest, may be judged a generation from now on whether it confronted Brazil's biggest social challenge: the deep-rooted impoverishment of the 10 states known collectively as the

The Northeast is a national question, not a local question, said Helio Jaguaribe, who analyzed national income disparities in a recent report called "Brazil 2000."

If the stark inequities represented by the Northeast are not resolved, he warned Brazil could be torn apart.
"We could be faced with the sad
alternatives of a fascistic regression
to a sort of 'social apartheid,' or a radicalization of younger army offi-cers leading to the imposition of Ethiopian-style communism," he

Intended to stir debate and controversy, Mr. Jaguaribe's conclusion is based in socio-economic reality. Statistics put the Northeast on a par with Haiti, the hemisphere's poorest nation. But it has six times Haiti's

The typical Northeasterner can expect to die at 52, according to the 1980 census; the average Brazilian's life expectancy is 60 years, with the median surpassing 65 in the more osperous south. Infant mortality in the Northeast is 121 per 1,000 live births, the highest rate for an area that size in the Americas; this compares with 75 per 1,000 in Rio, and 60 per 1,000 farther south.

"About 15 percent of Brazil's families him to be recommended."

ilies live in what we categorize as 'misery,' meaning that the family earns less than one-quarter of one



live in the Northeast, is estimated at more than 30 million.

## The typical Northeasterner can expect to die at 52.

minimum wage," Mr. Jaguaribe said, "Most of these families live in the Northeast. More than half of these Brazilian miserables - about 55 percent - are children under 14. It is a

very, very appalling situation."
Educational levels lag far behind national norms. In 1985, according to government data, there were 115 million Brazilians older than four, of whom 33 million lived in the Northeast. But of the 30.5 million Brazilians older than 4 who were illiterate, fully half, 15.5 million, were North-

Landholding bosses have long frustrated efforts to redress the region's skewed property distribution, a problem more typical of the rest of Latin America than it is of the rest of Brazil. In a region where most farmers work small plots of 5 acres (2 hectares) or less, at least half the land is tied up in undergrazed cattle ranches of 1,000 acres and more. Flavio Teles de Menezes, who

leads Brazil's biggest independent farmers' association, said his members would favor a land reform initiative aimed at the Northeast, Pref-

erably, it would be a productivitybased legal formula that would use expropriation only as a last resort. But he said he doubted that big Northeastern landowners would ver face such a challenge.

Parties in government always seek alliances and the balance of power always favors the Northeastern politicians, he said. Change may have to urbanization, rather than land re-

Many experts say abject poverty could be largely eradicated with a mix of land reform, industrialization and public investment in health, education and basic infrastructure. The resolution of peasant land claims and demarcation disputes would also contribute greatly to income redistribution, they say.

There is no question that Brazil has the resources, the economic capacity, to eliminate the poverty of the Northeast, said a development specialist at the United Nations Economic Commission for Latin America. The question is whether it has the

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# Confidence Is Key to Easing Crisis

Continued from page 7

is a kind of trauma in Braz public opinion. People think the IMF comes here to impose a program especially designed to provoke recession. People think that by signing an agreement with the IMF they surrender their sover-eigoty. So, I think the government should clarify the precise role of the IMF. I agree with you, experience has shown that one way or another, the IMF and the banks find a way to overcome difficulty for countries that are not able to meet targets. But more and more people in Brazil are becoming convinced that an agreement with the IMF is important to allow more

space for the economy to grow.

Q. But clearly, the bottom line is adjustments within the Brazilian economy. If these adjustments are made on Brazil's own initiative. wouldn't that be a clear a sign as

A. Yes, look. What we are trying to say is that a suitable adjustment is in our own interest. We are not seeking a cut in the deficit only to enjoy a salable agreement with the banks. We are convinced that we ourselves need it.

Q. With or without the IMF? A. Right. Then, if we're convinced that an adjustment should be made, that it is important to control the public deficit, because it may curb inflation and may restore confidence and it may give incentive for private entrepreneurs to invest more, if we are willing to do so, why not take the opportuni-ty to go to the IMF with the same

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1983 and 1988. At that time, people thought that the crisis would be short, and would take, say, two nr three years for everyone in overcome the crisis. Then, as time went by, people became convinced that the crisis is a lasting crisis. So what the president has said is that the IMF, the international community, all of them have changed

ft is impossible to go on carrying out programs of adjustment, austerity, unbearable austerity, because it affects the social fabric, and it may create political insta-bility. So, let's find a way to work together to develop the country. How? By building up a climate of confidence to attract foreign investments, to deregulate the economy, to get rid of unjustifiable controls. Where it is possible, to let the market work.

O. But this is a very difficult balancing act. You are forced in avoid recession and yet to cut spending. What specific measures: can you adopt?

A. Look. For the first time in history. Brazil has a unified budget. There will just be one source of expenditure, which is the budget recently approved by Con-gress. Until 1987, Brazil had two budgets, the official budget and the monetary budget. And through the monetary budget, the minister of finance had the power to authorize unlimited expenses just by signing a piece of paper. Before 1987, if, say, agricultural pressure groups came here and

vor. Now, the minister can say no, because the law does not allow me to do 50. Q. Essentially, what you pro-pose, Mr. Minister, is something

some of your predecessors would not have liked, that some of the superpowers of the Finance Ministry be reduced?

Q. You want to reduce your own powers?

A. Yes, because I'm convinced this ministry has so much power it hasn't been able to exercise that power. It has been impossible for the ministry to look into all the problems that come here, because everything, almost everything is decided at this ministry. Agricultural problems, supply of wheat, prices, foreign trade, insurance policy, credit policy, monetary policy. It's too much power, and experience has shown that the ministry has not been able to use these powers adequately.

Q. You've said, no more miracles in economic policy, no Mailson Plan, that you want a breadand-butter economy. Could you explain that in the current context of high inflation? How, without a dramatic shock, can you significantly reduce inflation and still avoid an explosion of discontent and suffering?

A. First of all, if we avoid hyperinflation, it wouldn't be enough, but it would be a breakthroug We are aware of the fact that inflation will not disappear overnight. In 1988, we are going to have a

CAFÉ DO BRASIL

Moreover, we have been saying said we need more subsidies, the very high level of inflation. Forget that there are substantial differminister could say no, but they about that, Not because inflation ences between the situation in knew he could decide in their fa- does not cause problems but be cause the Brazilian economy sets accustomed to dealing with inflation. What is important is to reduce the crisis of confidence, the [problem of] credibility. That's more important right now. We are not forgetting that inflation is a big problem, but we have some more important problems to deal with

Q. Backtracking a bit, you had a very substantial increase in the trade surplus, and because of the partial moratorium you saved more than \$4 billion in interest payments. Yet, you ended up with a very severe deficit, and the forcign reserves position was about the same as it was 12 months be-

fore. Why is that? A. First of all, we went on pay-ing Paris Club members, the World Bank and the IMF. The net flow of funds from these sources was negative. As you know, the moratorium was directed to private banks. Brazil didn't save much money because the country

Q. There is a thesis that the moratorium actually cost this country much more than was understood at the time it was de-

A. That's true, because by postponing a definitive and lasting igreement, Brazil kept paying high margins over Libor [London Interbank Offered Rate] and this is why the president became convinced that a quick agreement with the international financial community would be needed.

Q. Mr. Bresser said publicly that his negotiating position with the banks was making unilateral securitization of debt as a nonnegotiable demand.

A. We are convinced that a bond plan should be voluntary. The bond should not have any type of link with a conversion

Q. Is the moratorium over? A. No, it's not. Brazil has said that we are prepared to lift the moratorium, or, better, to start paying interest if we get the conditions to do so. According to our balance of payments projections, we are not able, without hurring the level of our reserves, to pay interest. We think we could bear payment of a third or perhaps 40 percent of interest, provided the banks can raise the remaining two thirds, or 60 percent. Then, yes,

why not start paying?

Q. Do you think the Cruzado
Plan would have worked if the budget corrections you are talking about had been made then? A. Yes. The Cruzado Plan was a

lost opportunity. If at that time we had controlled the budget, if we had carried out a sound fiscal policy, yes, I think the plan would have worked

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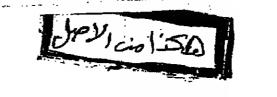
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## Miners, Settlers and Indians Fight for a Share of Amazon's Wealth

Without development of the Amazon's mining and energy resources, the more industrialized South would be deprived of raw materials and power considered strategic for economic growth.

By Juan de Onis

ARABA, Brazil — The great bridge on the To-cantins River, a symbol of Brazil's dynamic occupation of the Amazon frontier, has besome a blood-stained landmark of the social violence that accompanies this

Since being opened to traffic two years ago, the 2,000 meter (2,176 yard) span has carried himdreds of thousands of settlers, mining prospectors, ranchers and himbermen into this district, the fastest growing area of Brazil.

The population of five townships

bere in eastern Para State has grown from 200,000 people in 1980 to an esti-mated 900,000. The Amazon region, covering half of Brazil's territory, holds nine million people, or 6 percent of Brazil's population. Half of these are

The Tocantins bridge is the essential link for a 890 kilometer (550 mile) rail-road that carried 23 million tons of iron ore last year from the Carajás mining district, 160 kilometers southwest of here, to an Atlantic port at São Luiz,

Maranhão.
This \$2.5 billion project, partly fi-nanced by the World Bank, has made Brazil the world's largest iron ore exporter, Japan, West Germany and Italy.

are its major customers.

A recent incident on the bridge, in which at least eight miners died, was a striking example of the violence that accompanies the development of the frontier. Land and gold are fought over at guipoint. Vast tropical forests are burned. Indian tribes are overpowered by men with machines. Rail and road traffic over the bridge

was blocked the day after Christmas by hundreds of miners from the Serra Pelada gold pit, where up to 60,000 men scour the black earth with pick and shovel in search of ore. The pit is estimated to have yielded over 80 tons of gold in eight years.

The miners were demanding that the Brazilian government send earth-moving equipment to remove rock slides and accumulated water that have coppled production at the mine in the jun-

Serra Pelada, as well as many other gold sites in the Amazon, have been occupied illegally by about 300,000 independent miners, who are opposed to

After three days of feverish negotia-tions, 200 Park state police were flown in. They opened fire from both ends of the bridge. Two miners died on the spot, and an undetermined number mped 70 meters into the river.

"That is the way things go here. The only law is the gun," said Emmanuel Vonbergue, who eame here from France 12 years ago to work with a Roman Catholic pastoral movement that supports peasant unions.

According to the church, about 600 persons have been killed in land conflicts in the past 10 years in southeastern Para and the neighboring states of Goias and Maranhão. The Brazilian march into Amazonia,

the largest tropical forest in the world, does not stop here. It extends to the western and northern limits of this 3.5 million square kilometer (1.3 million square mile) region where Brazil borders Bolivia, Peru, Ecnador, Colombia, Venezuela and the three Guianas. Petrobrás, Brazil's state oil company,

has found a major oil deposit deep in the western Brazilian Amazon beside the Urucu River, 650 kilometers southwest of Manaus. After testing five wells, the oil reservoir has been estimated at 182 million barrels of high quali-

Commercial oil and gas production will begin late this year. The president of Petrobrás, Ozires Silva, said in an interview that pipelines are being studied to carry oil to a refinery in Manaus, a city of nearly one million people, and gas as far as the Carajás mining district, where blast furnaces, fired by charcoal, are being installed.

The world's largest tin mine is being developed 250 kilometers north of Manaus on the Pitinga River by Paranapanema, a private Brazilian mining company. The tin ooggets being dredged from jungle streams have pro-pelled Brazil's exports to 25 million kilograms (55 million pounds), rivaling Malaysia and Indonesia.

Paranapanema has built a modern town for 6,000 people where only Wai-mari-Atroari Indian villages were 10

years ago. An open pit mine in a jungle clearing is the next step.
Further west, along the upper Rio
Negro, where Amazonas State borders

Colombia, Paranapanema has laid claim to what appears to be a major gold mine. Octavio Lacombe, Parana-panema's president, said in an inter-view that he has obtained the agreement of Tucano Indian leaders in the area to develop the mine, which is in a

No such permission was obtained, however, by 12,000 small miners who have invaded the Yanomani Indian lands in Roraima federal territory. This gold rush is along the Couto Magalhães River, 200 kilometers west of Boa Vista. in the Serucucu mountains on the Venezuelan border.

After four Yanomani Indians were killed last August, the area was cleared of miners by police. But the miners mounted pressure on the state governor and returned to force in December. They are reportedly extracting 30 kilograms a day, with heavy pollution of streams from mercury used in concentrating gold.

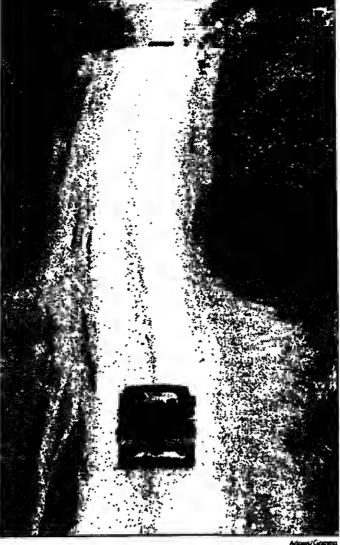
This is the road to extermination of what is left of the Indians," said the most Reverend Aldo Mogiano, the bishop of Boa Vista, capital of the terri-

Reverend Mogiano, 68, heads a mission of Italian priests, the Consolato di Torino, that minister to Roraima's 60,000 people, including 30,000 Indi-

The Yanomani, a forest hunter tribe with about 8,000 members, have attracted international attention from groups concerned with the survival of indigenous peoples, Proposals to create a Yanomani reserve, in the area now invaded by miners, have been stalled in Brazil's federal bureaucracy for years. Brazil's style of Amazon occupation

has drawn mounting criticism from international and domestic groups concerned with ecological and Indian rights. This conflict has been carried to the international development banks that finance projects here.

Although Brazilian laws provide for environmental protection, they are loosely enforced. The rights of Indians to traditional lands are also enshrined in statutes, but neither the federal Indi-



The Transamazon highway is vital to Brazil's development; top right, seismic testing in Urucu Amazon oilfield.

an agency nor the forest service deal effectively with the frontier miners, humbermen and land grabbers who invade reserve areas.

As a result, the Interamerican Development Bank terminated a \$48 million oan to pave a highway into westernmost Acre State because the Brazilian authorities did not comply with an agreement to demarcate Indian lands. In the state of Rondônia, where about 500,000 settlers have occupied virgin land traversed by an earlier highway. the Indian lands have been widely in-

Without development of the Amazon mining and energy resources, the more industrialized southern areas of Brazil

would be deprived of raw materials and power that Brazilian economic planners consider strategic for growth

The aluminum industry of Brazil, which may become the largest in the world by the year 2000, is centered on bauxite mined at Trombetas, on the northern bank of the Amazon, and re-fineries oear Belém and São Luiz.

To power these refineries, Brazil opened in 1985 the first major hydroelectric dam in the Amazon region at Tucurui, north of Maraba on the Tocantins. This power plant generates four million kilowatts. The high-tension transmission towers through the jungle carry power not only to the refineries, but interconnect with a grid sup-

plying Brazil's northeast region, where 40 million people live. A 3.3 million kilowatt expansion of

Tucurni has begun, with the reservoir full with 85 million tons of water. Contrary to predictions by some ecoogical critics, Tucurui's reservoir has not depleted commercial fishing nor has the water, inundating vast areas of jungle, corroded the turbines. A fishing cooperative with 600 members is producing 80,000 kilograms a month of

State power authorities are planning to begin building by 1992 an even more bitious power center on the Xingu River, west of the Tocantins. The first dam called Cararao at Altamira, on the Transamazon highway, would generate 6.3 million kilowatts, and subsequently 11 million, in a class with Brazil's Itaipu dam on the Parana River, the world's

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The Xingu reservoir would be even bigger than Tucurui, invading lands of the Kaiapo Indians, who have already taken a stand against the project. The Kaiapo are closely studied by cultural anthropologists, and a worldwide outcry over the Xingu is expected. But Brazil's national commitment to

Amazon development is so advanced that it seems unlikely that the momentum will be slowed. Like the hridge on the Tocantins, the process cannot be blocked for very long.

A First in Amazon

## Commercial Oil Is Discovered

By Juan de Onis

ORTO GAVIAO, Amazonas — Oilmen say luck is always needed in the search for productive sites and the first commercial pe-troleum find in the Brazilian Ama-

ZOB IS NO EXCEPTION. Petrobras, the Brazilian state company, had exploration teams setting seismic charges in the dense tropical forest west of the Jurus River here in late 1986, when a band of Indians attacked. Two workers were clubbed to death by Curuba Indians.

"Everyone got very nervous af-ter that," said Luis Octavio Cas-tro, a geologist at the Petrobras base camp in Porto Gaviso.

So, the western Amazon exploration division shifted the search for oil to the east, 120 kilometers (74 miles) from the base camp and far from the Indian hunting grounds. This proved to be a stroke of luck. Last October, a year after the Indian attack, a wildcat well struck oil and gas along the Urucu River.

Petrobras, after a 30-year search, had found a commercial field in the Amazon for the first time. Tests on six wells have produced quality light crude, flowing at 1,200 barrels a day, under strong gas pressure. Petrobrás engineers said the proven reserve is

Wagner Freire, Petrobrás director of exploration, said that 12 more wells would be drilled this year to complete the study of the structure and begin production.

"This is an extremely important discovery because there were some geologists who doubted that commercial oil could be found in the Brazilian Amazon," Mr. Freire

Under the thick upper sedi-ments of the Amazon basin, volcanic surges of magma about 250 million years ago thrust thick layers of igneous rock over the organic deposits of the Devonian cra where oil is formed.

It was thought that the intense heat of the magma had destroyed or volatilized the oil into gas. Gas svelis were found 15 years ago along the Jurua River, but have been capped until now.

"The Urucu find shows that the igneous activity did not destroy the off, which is of excellent qualiment to search for more," Mr. Fre-

the Urucu find is regional. It is 650 kilometers southwest of Manaus, the capital of the western Amazon, which is receiving a growing influx of settlers, drawn by mining ven-tures and urban industries. Power is in short supply. The oilfield at Porto Gaviao can

more than supply the refinery at Manaus, and associated gas production, linked to the shut-in gas wells along the Jurua, could feed a gas transmission system. But the Petrobras exploration

plan is looking for enough output to supply not only Manaus, but the national market. "We think there is a good return

here because the oil produced will pay for developing the area," said Ozires Silva, the president of Po-trobrás, after a visit to Urucu in Petrobrás has a monopoly in

Brazil on oil exploration and production. The mission of the state company, which was founded in 1952, is to find enough oil to make Brazil self-sufficient, Petrobrás has made major gains in this decade, raising domestic production from 250,000 barrels to more than 600,000 barrels a day. But it still has to import

about 35 percent of Brazil's con-

sumption, at a cost of \$3 billion a

Petrobrás refineries supply all of the Brazilian products market and export about \$400 million in gasoline that exceeds consumption. (About 80 percent of antomobiles in Brazil run on an alco-

hal mixture) Oil comes in hard places in Bra-zil Most is now being produced from giant offshore fields on the continental shelf facing Campos, in Rio de Janeiro State.

Deep drilling in offshore fields is something Petrobras does well. A world record depth of 492 meters below the surface was reached Jan. 10 by an offshore well that produced 5,000 barrels a day.

"We have developed and tested the technology of remote operating vehicles to drill at 1,000 meters below water. We will soon have the first floating platform for pro-duction at that depth in the Marlin field." Mr. Freire said.

From the submarine depths, in the range from 500 to 1,000 meters, where no diver can work, Braty. It is now a much better invest- zil expects to extract the oil that will reach the goal of self-suffi-





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# Brazilgrows

Brazil is a country with a huge growth potential, supported by a diversified manufacturing sector in a constant process of modernization. And BNDES is Brazil's Development Bank. A bank which in its 35 years of operation has contributed decisively for Brazilian industry achieving an average growth rate of 7.4% a year during this period, creating new infrastructure and generating millions of jobs.

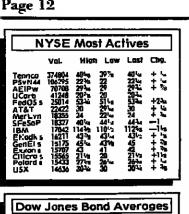
Today BNDES is the largest development bank managed by any individual country. The bank has invested in the last decade an average 3.7 billion dollars a year in industrial expansion. In 1988, it is going to invest 6 billion dollars, approximately, to keep the Brazilian economy growing.

Moreover, through a dynamic program of privatization, BNDES is returning many important companies to free enterprise, stimulating investment in areas still under the control of government agencies.

This has been the function of BNDES. It has accomplished the mission of developing an economy which is not going to stop moving ahead.



Banco Nacional de Desenvolvimento Econômico e Social



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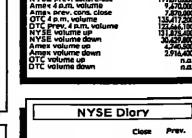
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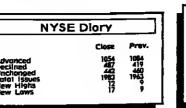
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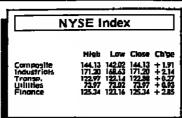
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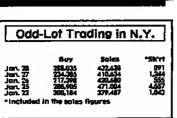
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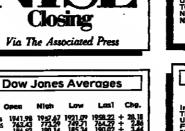
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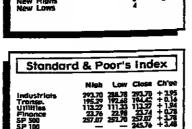








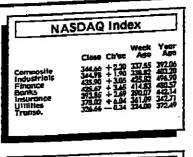
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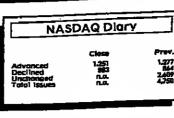


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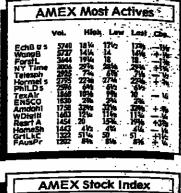
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## Late Rally Pushes Up NYSE

points to close at 1,958.22. The Dow, which umped ahead at the opening bell and then slipped back in midafternoon trading, added nearly 23 points in the last hour of the session. For the week, the index gained 54.71 points,

million shares, up from 166.43 million oo A significant portion of the volume was the result of dividend strategies, with several of the most active issues scheduled to go ex-dividend

oext week.

The market held up reasonably well for the entire week," said Ricky Harrington, technical analyst with Interstate Securities Corp. in Charlotte, North Carolina. "The late move reflected

an accumulation of upside momentum."

Mr. Harrington said the market's late rally might have been accelerated by sbort-sellers up ¼ to 22¼. covering their positions by purchasing shares

he said. "Weakness in IBM dragged the Dow down for a while, and IBM weakness was re-

Federal Reserve Board will launch a more accommodative monetary policy leading to lower interest rates. "If the economy weakens, you will definitely see the Fed come to the rescue," said Rao

Chalasani, bood and stock market strategist with Prescott Ball & Turben Inc. in Cleveland. We do look for some kind of easing But be cautiooed that changes in Fed policy

could face restrictions. "I do believe the Fed will ease to the extent it

controlled as easily as in the past because of the growing link between U.S. economic policies and those of other industrialized democracies.
Harry Miller, portfolio analyst at Johnson,
Lane, Space, Smith & Co. in Atlanta, said the outlook for interest rate relief was "hopeful" but the market was still plagued by uccertainty

Tenneco was the most active NYSE-listed

to 112%,

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Merical South Harlet July Sold

NEW YORK - A final-hour raily pushed

stock prices on the New York Stock Exchange sharply higher Friday in active trading, and many analysts said Wall Street believed that lower interest cases were in the confidence of the past week." lower interest rates were in the cards.

The Dow Jones industrial average rose 28.18

or 2.9 percent.

Advancing issues topped declines by more than a 2-1 ratio. Volume was about 211.88

Broader market indexes gained. The New York Stock Exchange index rose 1.91 to 144.13. Standard & Poor's 500-stock index rose 3.78 to 257.07. The price of an average share added 42

before the weekend, "but it is more likely a 29% reaction to a firm bond market."

"The market really never looked bad all day."

2.20 3.5

1.24 18.6

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market for the past week."

Analysts said the market's advance of the past two days reflected a strong belief that the

can," Mr. Chalasani said, "but I don't think it has as many choices as it had in previous years." He said that interest rates could not be not

and low investor confidence

issue, up ¼ to 40¼,
Public Service Co. of New Mexico followed

American Electric Power was third, up 1/2 to AT&T was up 1/8 to 29%. IBM was down 11/8

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#### **ECONOMIC SCENE**

## Some Economists Insist 1988 Recession Is Coming

By LEONARD SILK

New York Tymes Service

EW YORK — The American economy grew faster in the final quarter of 1987 than most economists expected. But since most of the gain was due to an unintended surge of inventories, a sharp slowdown in the economy appears to be on the way. While it is not yet the general view, some economists think a 1988 recession may have begun.

The U.S. Commerce Department estimates that the gross national product — a country's total output of goods and services — ran at a seasonally adjusted annual rate of \$3.87 trillion in the October-December quarter, up 4.2 percent. The consensus of economists surveyed by Blue

Some want the

ease monetary

policy.

Federal Reserve to

Chip indicators this month was for a fourth-quarter gain

of only 2.1 percent.
Yet the economy was, oddly enough, not stronger but weaker than expected in the fourth quarter. Final sales — inflation-adjusted GNP mirus the increase in inventories

barely rose, at an annual rate of six-tenths of I percent Inventories increased by \$58.3 billion, measured in 1982 dollars, in the fourth quarter; that was more than twice as much as the \$24.6 billion inventory rise in the third quarter.

Much of the extra bulge in inventories was involuntary, as consumption, in 1982 dollars, fell to a seasonally adjusted annual rate of \$2.5 trillion, from \$2.52 trillion in the third quarter.
Apparently the "wealth effect" — the damage to consumer spending resulting from the October stock market collapse — took a considerable toll in the final months of 1987. And the sluggishness of consumption appears to be continuing into the

But is it fallout from the stock market plunge that is hurting consumer spending or, as some economists think, an excessively tight Federal Reserve monetary policy, which could push the economy into recession? William Niskanen, a former member of President Reagan's Council of Economic Advisers, said the data released this week "suggest we've got a recession under way unless there's an easing of monetary policy."

LEARLY the money supply grew very slowly during the second half of 1987. M-1—the narrowest measure of the U.S. money supply, including cash in circulation and checking accounts and nonbank traveler's checks—grew 3.1 percent from December 1986 through December 1987, but its monthly rate of increase dropped from more than 14 percent in the first half of 1987 to less than 3 percent in the six months through November.

Similarly, M-2 — a broader measure of the money supply, comprising M-1 pins overnight repurchase agreements, Eurodollars, money market funds and savings and small time deposits grew at a trifle faster rate of 3.4 percent for the year as a whole, but again monetary growth in the second half was markedly slower than in the first.

And M-3 — a still broader measure, with M-1, M-2 and such other items as large time deposits and institutions' money market funds - grew 4.9 percent last year, with slower second-half

What explains the second-half slowdown in the monetary aggregates? The obvious explanation - but not necessarily the correct one - is the accession of Alan Greenspan in midsummer to the chairmanship of the Federal Reserve Board, replacing Paul A. Voicker. Was Mr. Greenspan, a Republican who had been close to President Reagan since the 1980 political campaign, seeking to prove his independence as Fed chairman and his antiinflationary fervor? Was he behaving more as a monetarist, with greater concerns about reducing the growth of the monetary aggregates than the pragmatic Mr. Volcker? (After testing "oper-ational monetarism" as a way to stop inflation in 1981-82, Mr. See SCENE, Page 17

## **Fiat Posts** 31% Rise In Profit

Auto Sales Buoy Group Revenues

TURIN—Fiat SpA, Italy's largest private industrial group, an-counced Friday a 31 percent rise in 1987 operating profits, to a provi-sional 3.22 trillion lire (\$2.61 bil-lion) for 1987 from 2.457 trillion lire in 1986 Fiat's chairman, Giovanni Ag-nelli, said the group iotended to

make every effort to ensure another dynamic performance in 1988 de-spite current international economie uncertainties. The company said stronger sales in its aoto and industrial vehicles

divisions cootributed to higher 1987 group revenue.

The results followed a turnaround in the fortunes of the auto division, which has contributed to

soaring profits for Fiat in the past Fiat said its 1987 sales were bolstered by the addition of its subsidiaries Alfa Romeo SpA, Snia BPD

SpA and other units not consoli dated in its 1986 accounts. Fiat's board approved the provisional results at a board meeting on Friday.

The company said 1987 group consolidated revenue rose provisionally 30 percent to 38.1 trillion lire, compared with 29.34 trillion lire in 1986.

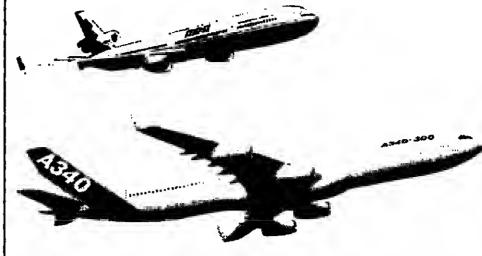
Fiat did not give an estimate of group consolidated net profit, but said parent company profit in 1987 should be around 800 billion lire. against 612 billion the previous The company attributed im-

proved parent company profit last year to higher dividends from its subsidiaries, which rose about 80 percent to 677 billion lire from 379

Mr. Agnelli said that Fiat faced the economic uncertainties of the future in a position of strength in the principal sectors of the European market. "We feel able to state our clear

readiness to participate in a further strengthening of the Italian and European economy according to market rules, those which in the end reward the best," he added.

On Tuesday Fiat unveiled the Tipo batchback, a midsize car that it sees as a challenger to Volks-wagen's Golf. Fiat said the Tipo would spearhead its plans to over-take VW as Europe's top automo-



McDonnell Douglas's MD-11, upper left, and the Airbus A-340, which go into service in 1990.

## For the Long Haul, Little Comfort

International Heroid Tribune
SINGAPORE — Aircraft manufacturers say they are con-

fident about sales prospects for a new generation of long-range jets that begin scheduled services lat-er this year.

But the makers of these longtheir passengers' comfort. "Answers bave to be found to

the physiological and psycholo-gical problems encountered by the passengers who will he effec-tively immobilized for up to 16 hours at a time," said Stuart E. Iddles, senior vice president for commercial affairs in Europe's Airbus Industrie consortium.

That compares with the al-most 13 hours it now takes to fly from London to Singapore, one of the longest constop flights. The traditional response of

airlines, Mr. Iddles said at an aviation conference here this week, was: "Feed the brutes." However as flight times increase, there is a limit to the amount of food that a passenger can absorb, while alcohol can give a thumping headache in the

rarefied cabin air, he said. There is also a looming weight problem, for planes as well as

A large airliner on a five-hour flight carries about 30 pounds (13.5 kilos) of food, drink and packaging per person. This, Mr. Iddles said, could

increase to as much as 70 pounds on long-haul flights if the traditional policy was continued.

Boeing Co. has a head start over its two main competitors, Airbus and McDonnell Douglas Corp., in the long-haul con

jumbo jet. The 747-400 seats up to 660 passengers and is about 15 percent more fuel-efficient than any previous jumbo.

Thomas R. Craig, Boeing's director of market research, said at the Siogapore conference that, because of fuel efficiency and more powerful engines, the 747-400 could fly fully laden about

The Boeing 747-400 can fly 60 percent farther than the first jumbo, which was heavier

fewer passengers.

and carried

60 percent farther than the first neration jumbo in 1970, even though the first jumbo was lighter and carried about 100 fewer passengers.

The 747-400 will start commercial service in September or October, company officials said.

Its 8,200 mile (13,250 kilometer) range will make nonstop flights possible on such routes as Loodon-Tokyo, New York-Seoul, Singapore-London and Los Angeles-Sydney.

The Airbus A-340 and the Mc-Donnell Douglas MD-11, which come into service from 1990, will fly even farther, though with fewer passengers. The A-340 will carry a maximum of 295 passen-On Tuesday in Seattle, Bocing ry up to 520, with a range of about 9,000 miles.

Gareth C.C. Chang, president of McDonnell Douglas's office in China, said his company believed that the boom in international air travel would create a demand for about 1.120 large, long-range passenger jets by the year 2000.

He estimated the value of those sales would be about \$90

billion at current prices.

Mr. Craig said he believed that problems of passenger congestion on long-haul flights could be alleviated by improvements in design, including quieter cogines, enhanced fresh air flow to passeoger compartments and better smoke removal.

Mr. lddles said in an interview

that the people he was most coocerned about were passengers in economy and tourist class.
"While the business class passenger quite probably has work to do or can usefully read during

the hours not spent eating or sleeping, and the first class passenger can unwind in his costly cocoon, the ecocomy passenger has more people around him, in closer proximity," he said. Manufacturers of aircraft and

passenger equipment oeed to discuss with airlines design of seats that would allow travelers to sleep better, he said. Another possibility was to re-duce the amount of drink on

board by installing humidifying systems in air-conditioning units to counter dehydration. Mr. fddles said that Airbus was considering using sections of the A-340 under the floor of the

passeoger compartment for sleeping, enlarged toilet space, an exercise room or recreation gers, with a range of about 8,700 miles, while the MD-11 will car cotheque," be added. "That

would really burn off the calo-

## Japan Surplus In Trade Hit Record for 1987

Compiled by Our Staff From Disputches TOKYO — Japan's surplus in the current account, the widest measure of trade, inched up to a record \$86.69 billion last year, from the previous high of \$85.85 billion in 1986, the Finance Ministry said

The surplus for December to-taled \$9.44 hillion, slightly wider than the \$9.19 billion a year earlier.

It was the first year-to-year monthly increase in eight months in the current account, which measures a country's trade in such things as services, interest and divi-

dends, as well as goods.

Masaru Takagi, a Fuji Bank economist, said he saw the current account surplus slimming to \$78 billion io the financial year beginning in April from his estimate of \$87 billion for the current financial

"This would he some improve ment, but I must stress that there is still a problem because we can ex-pect oo dramatie changes, be said. The ministry also reported Fri-day that the merchandise trade surplus widened by \$3.64 billion last year to a record \$96.46 billion, from \$92.83 billion in 1986, the

previous record.
It said the surplus in December
was \$10.06 billion, down slightly
from \$10.20 billion a year earlier. Those figures contrast with data released earlier this month, showing that Japan's surplus shrank for December and the year. However, the new figures were

calculated oo an internationally ac-cepted basis in which cost, insurance and freight charges are stripped out of the value of exports and imports. The earlier figures were calculat-ed with those charges included for

imports, but excluded for exports, bloating the value of imports. Exports grew 9.2 percent in 1987 to \$224.4 billion, the ministry said, while imports jumped by 13.5 percent to \$127.9 billion.

Economists said that the sharp rise of the yea meant that Japan's exports fetched more in dollar terms last year, even though the volume of shipments declined. Japanese officials said that when

denominated in yen, the trade sur-plus declined slightly. The Bank of Japan, the central bank, said Friday that the trade

steadily in dollar terms. The surplus in real terms will po," the bank said in its quarterly economic report.

The fall io the dollar surplus will be slower than in volume terms because the terms of trade are expected to improve next fiscal year.

lo the fiscal year ending March 31, the terms of trade are expected to deteriorate because of higher crude oil prices and in spite of the stronger yen, the bank said. The government also said that

money leaving Japan for long-term investments surged to a net \$137.13 billioo in 1987, surpassing a record \$131.46 billion in 1986.

The stock market collapse in Oc tober led to a heavy withdrawal of money by foreigners out of the To-kyo stock market, said Kazutoshi

labamura, economist for Nikko Research Center, although recent figures show that that trend is reversing. (AFP, Reuters, UPI)

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## Japan Reports Inflation at 29-Year Low

TOKYO — Japan had its lowest inflatioo rate in 29 years in 1987, as prices of consumer goods rose only 0.1 per-cent, the government said Fri-

day.
The rate was the best since a 0.4 perceot decline in 1958. The government also re-ported that the unemployment rate was 2.8 percent in 1987. unchanged from 1986, but that the number of people without jobs had risen 3.6 percent to 1.73 million from 1.67 million. In December, the rate fell to 2.6 percent, from 2.7 percent

The government said that in December, the consumer price index fell 0.1 percent to 100.9, base 1985, from November, when it had fallen 0.5 percent. But the index was np 0.8 per-cent in December from a year

in November, seasonally ad-

The governor of the Bank of Japan, Satoshi Sumita, said Friday that wholesale prices were expected to fall again in January because of lower utility prices. In December, wholesale prices fell 0.1 percent.

## **Currency Rates**

## Cross Rates | Second | S 0.696 20653 4.9428 1.519.70 2.519.5 42.1592 1.4625 1.57.544 0.7718 2.29 7.7244 1.485.88 2.5716 49.8794 1.8638 173.869 Closings in London. Tokyo and Zurich, fixtuos in other cauters, New York closing rates, or Commercial franci b: To buy one pound; c: To buy one dollar; \*: Units of 100; N.Q.: quoted; N.A.; not available.

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**Interest Rates** 

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Source: Reuters.

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Telerate Interest Rate Index: 4.498 Source: Merrill Lynch, Telerale.

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## **Control of** Générale

BRUSSELS — A Belgian-led consortium said Friday that it was close to victory in a battle to stop the Italian financier Carlo de Benedetti from gaining effective cootrol of the nation's biggest company, Société Générale de Belgique.

The consortium, led by a Belgian holding company, Gevaert NV, said it was building a stake of 34.25 percent in the vast conglomerate, which would make a hostile takeover impossible.

It would do so by buying or plac-ing in friendly hands all of 12 mil-lion new shares that are being issued by Générale de Belgique in a defensive move. The increase in capital would dilute a stake built up by Mr. de Benedetti, who is chairman of Olivetti SpA of Italy.

Reacting later Friday to Ge vaert's announcement by its chair-man, André Leysen, Mr. de Benedetti said that he "is willing to discuss with him and his partners the modalities of an agreement."

The Gevaert consortium said it had already placed 10 million shares. It said Générale would either sell the other 2 million to the consortium or place them with friends itself. But a court has yet to. rule on a legal challenge by Mr. de Benedetti on whether the capital increase is legal and whether the Sources: Morgan Guaranty (dollar, DM. SF. Pound. FF): Lloyds Bank (ECU); Reuters ISDR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent). new stock carries voting rights.

Mr. de Benedetti has said that

the capital increase would cut his stake in Générale to about 13 percent. But if he won approval for his public offer for Generale, it would rise back to around 18 percent. Mr. Leysen said that if the share increase were struck down when

"He would be the winner, and sportingly I would he the first to congratulate him by telephone," he

But assuming that the court allowed the increase, "an unfriendly takeover is now impossible," Mr. Leysen said. "With friends of the management and friends of our company we have erected a wall that cannot be breached." He would not identify the mem-

- 835 bers of his consortium.
- 135 bers of his consortium.
- 136 Mr. Leysen, who seeks greater
- 137 influence in Societé Générale for
- 138 influence in Durchernesking courth Write, phone or telex: INDIGO INVESTMENT, S.A. 1230 Belgium's Dutch-speaking corth, Lessembours. Parts and London official fix. has not ruled out cooperating with hass. Hong Kong and Zurich opening and Mr. de Benedetti, but says he wants crosses prices; they York spot market close.

## Gevaert Sees Japan to Keep Export Quota For U.S. at 2.3 Million Cars

passenger car exports to the United trend," he said. States to 2.3 million again in the 1988 fiscal year, which begins April 1, International Trade and Indus-

try Minister Hajime Tamura said riday.

Japanese automakers have long
Auto exports account for more argued that the limits should be than 20 percent of Japan's exports removed, saying the quotas origito the United States.

The Japan Automobile Manufacturers Association reported Fri- recovered. day that Japan's exports of passenger cars to the U.S. market have been burt by the strong yen and did not even reach the 2.3 million limit argued that Japanese automakers 2.2 million antos.

strictions in light of rising protec-tionist sentiment in the U.S.

fully examine wbether the decline TOKYO - Japan will limit its in exports becomes an established

> "If and when it is confirmed that such restraints are no longer necessary, even during fiscal 1988, the restrictions will be removed."

which U.S. automakers have now last year, declining 6.1 percent to
2.2 million antos.

no longer were capable of meeting their allotments for U.S. shipments

nally were set during a slump from

competitiveness.



Hajime Tamura

under strong pressure from Washington and the slumping U.S. in-

## Congress. Japan began limiting its auto ex"In fiscal 1988, MITI will careports to the U.S. market in 1981 reot 2.3 million in fiscal 1985.

But Mr. Tamura said the govern-because the yen's sharp rise has 1.68 million and was raised to 1.86 ment decided to continue the re-driven up the prices of Japanese million in fiscal 1984. The United products abroad, eroding their States stopped asking for the restraints in 1985, but Japan decided

## Scant Demand Forecast for Mexico's Bonds

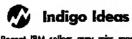
So far only a few seem willing to Already Citicorp, the largest

bankers said. Under the plan, Merico will sell as much as \$20 billion in bonds backed by about \$10 billion in U.S. Treasury securities. Banks, which hold \$78 billion of Mexico's debt, would bid for the 20-year bonds by offering back to Mexico at a dis-

"Morgan will participate in the deal, Mexico may through U.S. agents, and arbitragers will," one the court makes its ruling on Feb. 18, oo one could stop Mr. de Bene-

count existing loans made to the

Participants are expected to offer bids representing discounts on



Recent IBM sellers may miss more than 100 points generated by new manufacturing and marketing methods - covered with related projections in complimentary reports.

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their loans of about 30 cents on the York Corp. and Manufacturers NEW YORK - Mexico and J.P. dollar. Mexico will save money by Hanover Corp. said they had not Morgan & Co., which proposed an innovative bond auction to relieve Mexico's \$105 billion foreign debt burden, are not getting much support from other banks, bankers say.

So for only a few searn willing to the foreign debt of the counts, but many large U.S. banks said neither bank had enough equity to sustain the losses incurred enough eapital base to afford such write-offs.

Already Citicory the largest Annual Citicory said they had not yet reached a decision. But analysts said neither bank had enough equity to sustain the losses incurred by exchanging debt at a discount.

Mexico will save money by ranover Corp. said they had not yet reached a decision. But analysts and neither bank had enough equity to sustain the losses incurred by exchanging debt at a discount.

take part io the program an- U.S. bank bolding company, has nounced in late December, the said it will not take part in the plan, arguing that it is geared more for banks that want to get out of Latin American lending.
Sources at Chase Manhattan

Corp. and Bankers Trust New York Corp. said their banks probably would oot participate. Spokesmen for Chemical New

Angel Gurria, said be did not ex-pect to get a clear picture of the banks' interest in the new bonds until just before the Feb. 19 deadline for the bids. "lt's a kind of brave new world," he said. "We don't know how it will

come out." Bankers and debt traders in New

See MEXICO, Page 15

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## **Bonn Reports Decline** In Broad Trade Surplus

By Ferdinand Protzman
International Herald Tribune

FRANKFURT - West Germaoy's current account surplus declined somewhat from its record level of 1986, while the merchandise trade surplus soared to a record high in 1987.

But economists said the oumbers masked significant shifts in trade flows that are likely to slow the nation's economic growth, because strong Deutsche mark and weak

The current account, which measures trade in goods and services, as well as certain transfers, registered a surplus of 79.4 billion DM (\$47.6 billioo), down from a record high of 82.4 billioo DM in 1986. The 1987 current account figure

is preliminary, the Federal Statis-tics Office in Wiesbaden said Fri-day. The 1986 surplus was revised upward from the 80.5 billion DM

1987, breaking the previous high of 112.6 billion DM set in 1986. In December, the current ac-count surplus fell to 8.9 billion DM Research in Berlin, said West Ger-

13 billion DM in December from 11 billion DM in November. But the strong cominal trade performance in December does not accurately reflect the situation, according to a senior West German financial official. Hans Tietmeyer, the Finance

Ministry's state secretary, said that the rise was due to a statistical phenomenon known as the J-curve effect and that financial markets the statistics are skewed by the should look more at trade volume. "We had been expecting a big figure, but it is due to the J-curve effect." Mr. Tietmever said.

> Historically, the J-curve effect shows that as a country's currency appreciates against others, it tends to initially improve that nation's of imports. Later, the strong currency erodes exports, weakening the trade position. Economists said that despite the

record merchandise and high curoriginally reported.

The merchandise trade surplus have shifted because of the impact of the oegative effect of the strong mark on West Germany's exports. Horst Seidler, an economist at

from 9.6 billion DM in November. many's price stability also distorts The November figure was revised the trade picture because import downward from 10.3 billion DM. prices fell about 7 percent in 1987, The merchandise trade surplus causing imports to show a decline grew to an unadjusted, or nominal, although volume rose significantly. causing imports to show a decline

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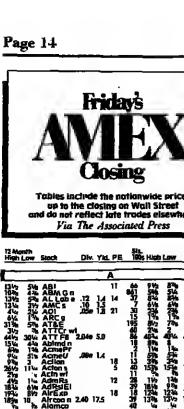
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4th AC **Poland Says Economy** Grew Only 2% in 1987 WARSAW — Poland's economy grew only 2 percent in 1987, falling short of its targets, the state statistical office said Friday.

Growth of national income failed to meet the S&P 100 Index Options planned 3 percent target and slumped badly from the 4.9 percent achieved in 1986, the office said. rom the 4.9 percent achieved in 1986, the office said.

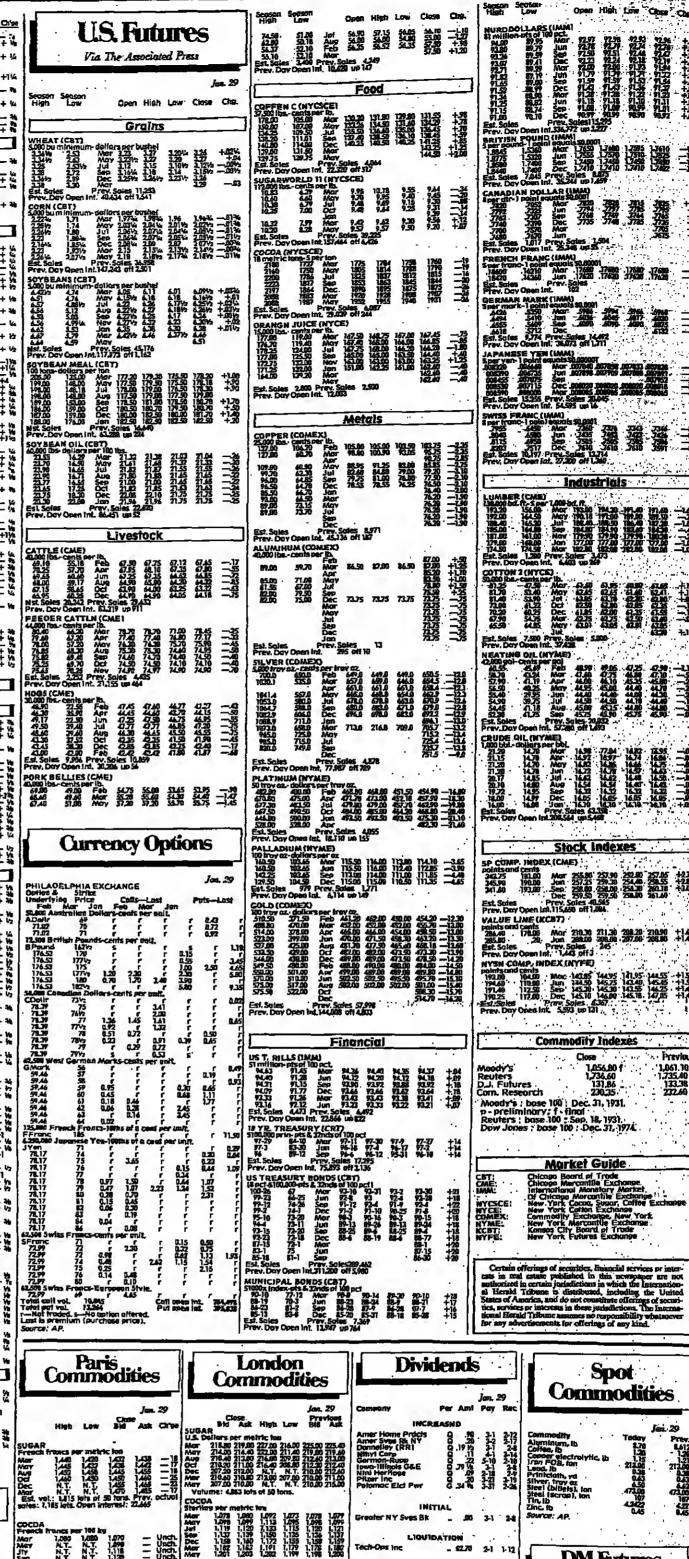
The official news agency PAP said it was one of the worst years the country has had recently. However, it said that exports in 1987 reached \$7.06 billion, while imports were \$5.82 billion, producing a \$1.24 billion surplus, \$168 million wider than in 1986.

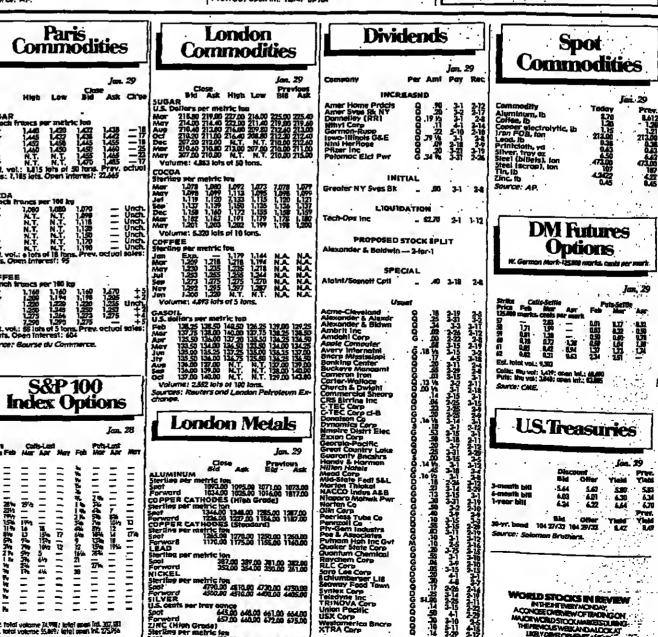
The gloomy news came as Poles braced for price increases averaging 27 percent over all and 40 percent for food.

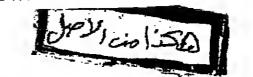
Workers will be given a pay increase of 6,000 zlotys (about \$19) a month in compensate.

The report said inflation rose to 26 percent in 1987 from 18 percent the previous year, while wages rose only 21.8 percent.

It said Poland's foreign debt jumped to \$37.6 billion at the end of November, from \$33.5 billion at the start of 1987. That included \$2.9 billion resulting from the dollar's decline in relation to other hard currencies, in which approximately 60 percent of Poland's debt is expressed, the office said. 29 27 14 30 19 18 11/4 + 16 15/4 + 16 5/4 + 16 5/4 + 16 10 11/4 + 16 3/4 + 16 15% 97% 57% 47% 18 67%







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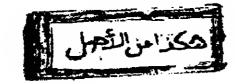
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## Allegis to Buy Back 63% of Shares

CHICAGO - Allegis Corp., the secent of United Airlines, which us been selling its car-rental and s, amounced Friday a \$2.84 billion reputchase of 63 percent of its shares.

The \$80-a-share offer for 35.5 million shares is part of a major principal in Coniston, said Allegis gis said. estructuring begun last year after a ment shake-up.

The company has abandoned a strategy meant to supply all travel needs and is refocusing on its core Allegis has about 56.7 million

It had been considering distribating the roughly \$3 billion it should receive for the sale of the Hertz car-rental business and the

Westin and Hilton International

notel chains to shareholders in the

form of a dividend payont. The New York investment group Coniston Partners, the largest Allogis shareholder with a 14 percent share but noted that the company. Androsch was entitled to.

had not mentioned the sale of its Covia reservation system.

Earlier Coniston had threatened a proxy battle to control the Allegis board if its management did not authorize a buyback of shares. In a letter to board members released on Wednesday, Paul Tierney, a

**Austrian Bank Accepts** Executive's Resignation

The Associated Press VIENNA — The supervisory board of Creditanstalt-Bankverein AG, Austria's largest bank, on Friday accepted the resignation of its director-general, Hannes Anconvicted Jan. 20 of lying to a par-

liamentary commission. Mr. Bock said the board had accepted Mr. Androsch's request for severance and pension pay acstake, said it was pleased with the cording to the terms of his contract, plan to pay shareholders \$80 a He refused to say how much Mr.

was considering a cash dividend to all stockholders of up to \$30 B share instead of distributing proceeds from the sale of several assets through a self-tender.

The self-tender will begin after the closing of the sale of Westin, which is expected next week, Alle-

After the announcement of the hare offer. Allegis's stock rose \$1.125 to \$71.375 on the New York

Stock Exchange. Traders and analysts said the offor was positive because it should placate shareholders who were shaken earlier this week when Allegis reportedly was considering a lower payout.

Louis Marckesano, an analyst drosch, according to Fritz Bock, with Janney Montgomery Scott the chairman. Mr. Androsch was said the stock price should increase as the company is removing a large portion of its stock from the mar-

> "There will be only 20 million shares left," Mr. Marckesano said. He said the remaining shares should be valued at \$70 to \$80 a

## Sweden's Nordstjernan Bids for Builder

STOCKHOLM - The Swedish industrial conglomerate Nordstiernan AB said Friday that it was making a bid for the building com-pany Armerad Betong Vägforbät-

Nordstjernan, which now has a 15 percent stake and 30 percent of the voting rights in ABV, would pay 315 to 345 kronor (\$52.5 to \$57.5) per share, valuing the com-pany at around 3 billion kronor. The board of ABV will meet on Wednesday to review the bid, an

A merger of ABV and Nordstjernan's own building subsidiary.

Johnson Construction Co., would create Sweden's second biggest building company after Skanska AB, said Bernt Magnusson, Nordstjernan's managing director.

He said the annual revenue of the joint company would be around 16 billion kronor, while fusion costs would be 200 million to 300 million kronor.

JCC's managing director, Tor-sten Eriksson, said savings after a erger would amount to 300 miltion kronor annually.

Nordstjernan is a diversified inthe Nordiska Kompaniet retail change.

shopping chain, Avesta AB, a spe-cial steels producer, and JCC. Nordstjernan has offered ABV shareholders 325 kronor a share, or a 140-krona bid together with a two-for-five share swap for Nordstjernan stock

ABV was trading at 300 kronor before being suspended on the Stockholm Exchange earlier on

Nordstjernan also announced its intention of making a four-for-one share split.

Mr. Magnusson said that if ABV's shareholders accepted the dustrial conglomerate grouping the takeover, Nordstjernan would seek Johnson and Silja shipping lines, a listing on the Stockholm Ex-

## More Divestitures Likely From Standard Chartered After Selling Arizona Unit

LONDON — Standard Chartered PLC, in selling its United Bank of Arizona subsidiary to Citicorp for \$210 million, is slightly strengthening its balance sheet in what analysts say is only the start nf a wider divestiture program.

Although the sale, announced Thursday, will raise the British bank's equity-to-asset ratio slightly. Standard's shares declined Friday to 535 pence on the London Stock Exchange, down 18 pence from Thursday's close.

Rod Barrett, financial research director at the Hoare Govern brokerage, said the fact that Standard "bought it for \$335 million and is selling it for \$210 million doesn't make it look like a great

However, a source at Standard said that its subsidiary Union Bancorp, the holding company for the Arizona bank as well as for Union Bank of California, had retained the Arizona bank's mortgage and real estate arms, which he said were "subject to sale."

Standard, which bought the Arizona bank little more than a year

ago, said the total sale price represented a premium of \$78 million over the expected net asset value. William Vincent, an analyst at Salomon Brothers, said, "The sale was less than we had hoped," noting that Standard has been trying to sell Union Bancorp itself, California's fifth largest bank group with assets of about \$9 billion.

Stock market analysts were expecting Standard to announce the disposal of Union Bancorp for about \$800 million, helping to shore up its capital base, which most analysts consider weak. Sources close to Standard said Union Bancorp could be sold within a few weeks. Wells Fargo & Co. of San Francisco and several Japanese banks have been rumored to be interested.

"We remain cautious over Standard's situation," said Mr. Barrett of Hoare Govett. "The sale lifts its equity-to-asset ratin to 3.2 percent from 2.9 percent, but it is still very low. There will undoubtedly be more sales to come."

Martin Cross, an analyst at Warburg Securities, said the Arizona bank sale was a step in the right direction, provided the sale of Union Bancorp's parts separately would realize more than selling it whole. United is the fourth largest bank in Arizona, operating 37 offices throughout the state. In the nine months ended Sept. 30, 1987, its unaudited accounts showed profit of \$6.8 million.

As part of the sale, Standard said it had agreed to purchase a portfolio of loans from the Arizona bank at their book value of \$145 million, against which Standard will make a provision not expected

Standard's 1987 pretax profit is expected to be reduced by more than £100 million from the £253.9 million in 1986, mainly as a result of provisions against Third World debt.

## Decentralizing Management at IBM

If the Plan Succeeds, It Will Ratify a U.S. Corporate Style

By David E. Sanger New York Times Service

NEW YORK -- With its sweeping restructuring aonounced including seeing that products con-Thursday, International Business tain state-of-the-art technology. Machines Corp. joins a growing list of U.S. corporations that are pushing responsibility for decisions far down the chain of command.

IBM has until recently ranked among the most admired in the world for its management prowess. If the reorganization succeeds, it is likely to ratify a management style for huge corporations that calls for au extremely small headquarters staff, so that all but the most critical strategic decisions can be made by the same people who deal with the company's customers.

The company has created five new, highly autonomous nrganizations that will be responsible for all of the company's innovation, design and manufacturing. The changes are intended to greatly decentralize the world's largest compoter manufacturer, giving far more responsibility to a younger generation of managers and significantly reducing the role of IBM's Armonk, New York, headquarters

in day-to-day operations. Under the plan, thousands of tBM employees will switch jnbs or find themselves working for new managers as part of an effort to put new spark into a company that insiders say is bloated and that customers complain has often not kept up with competition.

This is a fundamental change in the way we do our business, as significant as any we have ever one of the harshest internal critics.

Another longtime IBM executive, Terry R. Lautenbach, will take of IBM that Mr. Akers has long complained do not operate in sync.

Mr. Akers said he hoped to acwill make our employees more entrepreneurial, more accountable and more independent."

Presumably, the IBM organiza-

justifying it to headquarters. But Armonk would retain responsibility for setting overall standards,

But analysts were doubtful that the restructuring, which comes on the beels of enormous turnult and belt-tightening at IBM, will pay off

1BM's problems, they maintain, are still rooted in the linking of incompatible computer systems. The company's giant mainframes that are the lifeblood of multinational corporations still cannot communicate smoothly with its midrange machines and with personal computers that now sit on the desks of millions of white-collar workers.

Speeding up innovation alone, analysis warn, may not ease the confusion among computer users that many blame for IBM's slower growth. Some, even within IBM, fear it could reduce coordination among product managers at a time when products must be more close-Mr. Akers also announced a se-

ries of changes in IBM's top echelons. The post of vice chairman, which had been vacant at the company since the middle of last year, will be shared by two IBM veterans: Kaspar V. Cassani, 59. the former head of IBM's European operations, and Jack D. Kuchler, 55, an outspoken engineer who has been the driving force behind many of 1BM's most successful main-

over as general manager of a new entity within the company, called 1BM United States. Mr. Lautenbach will be responsible for overtion responsible for personal com- seeing virtually all of the compaputers could now decide by itself to ny's product development and its bring out a new model rather than domestic marketing arm, two parts

Kaspar V. Cassani



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Jack D. Knehler

celerate a two-year effort toward significantly reducing IBM's headquarters staff, sending "several thousand" of those employees back into the trenches of sales uffices, manufacturing sites and research

## BP Gets Stake From Arco, Has 54% of Britoil

LONDON — Atlantic Richfield Co. said Friday that it had formally accepted Brit-ish Petroleum Co.'s offer of 500 pence a share, or £606.2 million (\$1.08 billion), for its 24.03 percent holding in Bri-

With Arco's 121.22 million shares, BP now has about 54 percent of the company. Britoil's board is resisting BP's £2.5 billion takeover bid.

Arco also said that it was considering a full bid for Tricentrol PLC, another North ing a stake of 13.79 million shares, or about 14.8 percent,

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at up to 180 pence a share. Tricentrol shares were quoted at 188 pence on the London Stock Exchange, up I pence, after Arco's statement.

Tricentrol is resisting a bid at 160 pence a share, or £149.4 million, by the French oil group Societé Nationale Elf-Aquitaine On Thursday, Tricentrol said Elf's offer, raised from 145 pence, was "still wholly inadequate."

## **MEXICO:** Scant Demand Forecast for Bond Auction

(Continued from first finance page) York are pessimistic. Even regional banks, which are less exposed and seem eager to get out of risky for-eign lending, do not seem excited by the plan, they said.

"I don't know of any regionals that intend to participate," one

He said he thought these banks would rather sell their Mexican debt at the current price of 50 cents on the dollar in the secondary market for Third World loans, rather than bid for a bond that will not mature for 20 years. Analysts have noted that banks face a danger that the bonds themselves might fall in

North Carolina's NCNB Corp. and First Union Corp., for in-stance, have sold all their Mexican

First Interstate Bancorp and Se-curity Pacific Corp. in California also are unlikely to trade debt for Mexican bonds, sources at these banks said. The plan has also found little

support among European institu-

cushioned by reserves against loan losses as high as 80 percent, would rather hold the debt, receive interest and not yet take the actual loss. Japanese banks, too, are unlikely to join in the exchange until tax provide relief for loan write-offs, said Peter Rona, president of IBJ Schroder Bank & Trust Co.

Sales of Mexican debt have increased in January, debt traders said, but the price has not fallen because demand remains high. A few speculators are thought to be could perhaps buy bonds valued as

high as 70 cents. Some traders said the Mexicans "We categorically deny that we are might be purchasing their own debt before the auction."

Other bankers said that was highly unlikely and questioned the legality of Mexico buying its own debt, albeit through agents. Bankers also reported rumors

that Morgan was buying debt. "It would be smart of Morgan to buy the debt on the secondary marbuying to try to profit from the ket at 50 cents and then tender at bonds-for-debt plan, as a loan pur- 60 cents," a banker said, "But 1 chased for 50 cents on the dollar believe that is against the original intent of the plan."

A spokesman for Morgan said:

## Cogema Sues on Matif Loss

Many European banks, already

and accounting laws are changed to an unnamed party.

PARIS — The Paris bourse's that it had lost about 250 million fledgling financial futures market francs (\$44.2 million) on the Mati suffered a blow on Friday when the state-owned Cogema nuclear fuel-processing company filed suit on

The stockbroking firm J.F.A. processing company filed suit on fraud allegations as a result of Buisson & Compagnic, which managed a 300 million frauc Matif

The Marché à Terme des Instruments Financiers, known as Matif, 80 million frane error in its books.

Where traders speculate on interest

It said a commission house that rates, was set up in February 1986 had traded in the Matif for Buisamong moves to make Paris a son was responsible for the ac-

It had announced in December

portfolio for Cogema, also said it had filed a suit after discovering an It said a commission house that

world financial center to rival Lon-don. The Matif clearing house, Cogema filed a suit on charges of breach of trust and fraud against an unnamed party.

CCIFP, said it was carrying out an investigation into the Cogema and Buisson cases.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th Jan. 1988										
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#### For example, a takeover could be completed overs. He also has asked that the SEC be given By Stephen Labaton New York Times Service NEW YORK - Delaware will soon have a .

new law that makes hostile takeovers of corporations more difficult. The Delaware Senate on Thursday passed a new provision to the state's corporate laws, and Governor Michael N. Castle, a Republican, is

expected to sign the measure next week. Delaware is the legal home to more major companies than any other state in the United States, Almost 18,000 corporations are char-tered in Delaware, including 45 percent of the companies listed on the New York Stock Exchange and more than half of the Fortune 500

companies.

The action by Delaware comes as takeover activity in corporate America has begun to heat up again. Until recently, mergers and acquisitions had fallen off sharply after the stock market plunge last October. Before the market collapse, 1987 had been a banner year for hostile bids.

Under the proposed law, an unwanted buyer who acquired more than 15 percent of a company's stock could not complete the takeover for three years. But the law also contains provisions that make it less onerous than anti-takeover laws in other states.

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**Delaware Law Curbing Hostile Takeovers Expected Soon** if the buyer, while crossing the 15 percent threshold, manages to buy at least 85 percent of the stock outstanding. The 85 percent excludes shares held by directors who are officers and certain shares held under employee stock plans.

A takeover could also be completed if approved by two-thirds of the shares voting in a special election, excluding the shares held by

Every company incorporated in Delaware would be covered by the law unless its board and shareholders decide to opt out. Once adopted, the new rule will apply retroactively to

The Senate passed the bill, 19 to 1, with no debate. According to Reuters, the negative vote came from the Democratic majority leader, Thomas Sharp, who had considered introducing a different version. The measure unanimously passed the state of Passed Passed t mously passed the state's Flouse of Representatives earlier in the week. The proposal had been opposed by three commissioners of the Securities and Exchange

more authority to make rules about takeovers. T. Boone Pickens, the Texas oilman and takcover specialist, had financed a group that

lobbied hard against the Delaware measure. A number of institutional investors also objected to the proposal. The move by Delaware is one of the most significant corporate law developments since a ruling by the U.S. Supreme Court last spring on

state corporate laws. The high court ruled that an Indiana law intended to curtail hostile takeovers was not unconstitutional or pre-empted by federal securities laws. After the court's ruling, legislatures in 13 states adopted laws that curb unfriendly acquisitions. Many of those state legislatures acted when corporations within their borders were under siege from an unwanted bidder. At least

27 states have some kind of law limiting hostile Delaware derives about \$156 million, or 16 percent of its revenue, from franchise taxes and fees associated with incorporation. Delaware officials have feared that many companies would decide to switch their incorporation to

states with anti-takeover laws if Delaware did

not act to limit takeover tactics.

## **Company Results**

Commission including David S. Ruder, the chairman. Mr. Ruder has proposed to Congress that there be one national rule governing take-

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## **E-II** Asks Shareholders To Reject Takeover Bid

United Press International

CHICAGO — E-II Holdings Inc.'s directors have unanimously recommended that the corporation's shareholders reject the \$13-a-share, \$871 million bid by American Brands Inc., the company said Friday.

American Brands' hostile offer, undertaken to block takeover advances by the smaller company, includes tender offers for two classes of E-II's debt that brings the total value of its bid to about \$2.4 billion.

E-II's chairman, Donald P. Kelly, said the recommendation followed independent analyses by two investment banking firms concluding that the American Brands offer was inadequate.

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Describing a century of dramatic news, and how it was reported. "THE INTERNATIONAL HERALD TRIBUNE THE FIRST HUNDRED YEARS is the unique, full-length history of the world's first international newspaper, Author Charles Robertson, a professor of govern-ment at Smith College in Massachusetts, spent several years combing through

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## **CURRENCY MARKETS**

## Dollar Rises, Ending a Stable Week

Complete Our Staff From Disputches
NEW YORK — A flurry of
neweekend purchases on Friday
sushed the dollar higher, ending a eek of unusually stable foreign

There are lots of disagreements inside dealing rooms on the dollar's future trend, lots of confusing signals from economic indicators." dealer at a stayor British bank said. We could be in for quite a bit of Swiss francs, up from 1.3575.

Samuel Lek, a vice president in foreign exchange at Bear, Stearns & Co., said some traders had tried to push the dollar lower early in the day but found they could not.

"So rates were slightly higher when traders bought dollars near the end of trading to square off their accounts," he said. The dollar traded in the 127-128 yen range all week, in marked con-

trast to its more volatile performances earlier this year. Traders said central banks intervened whenever the dollar threat- frames, op more than 2 centimes from 5.6270. ened to dip beneath 127 yen.

tarks up from 1.6675. day.

The dollar closed in Zurich at The dollar closed at 5.6665 Dealers noted that the dollar had 1.3650 Swiss francs, up from

French francs, up more than 4 cen- traded all week within a mere 2 1.3575.

plennig and I yen range, and said volume had been low. London Dollar Rates 1,4745 1,7665 127,70 1,3651 5,6543

Next week's major event is the U.S. Treasury refunding, but unless it is spurned by Japanese investors, many dealers in London said. it will have little effect on exchange

The dollar's modest rise was a tributed by some to a sharp fall in times from 5.6215, and at 1.3700 gold bullion prices and to vague rumors of a Group of Seven meet-The dollar was also stronger against the British pound, which ine this weekend

We don't believe in them, but closed at \$1.7660, against \$1.7810 we do trade on them," one dealer at In London, the dollar also closed a U.S. bank said of the rumors. Although the release of the U.S. higher. Dealers said it had little trade figures was already eagerly hope for escape from its recent nar-awaited, some dealers said there row trading band until the U.S. were signs the market was looking trade figures for December are re-

leased on Feb. 12.

In London, the dollar closed at 1.6765 DM, op from 1.6690 nn Thursday; at 127.70 yen, up from 127.20; at 1.3658 Swiss francs, up from 1.3572, and at 5.6543 French france on more than 2 certifies in Europe the dollar way. Earlier in Europe, the dollar was

fixed io Frankfurt at 1.6759 DM, In New York, the dollar closed at The dollar was also stronger up from 1.6691 on Thursday, and 128.05 yen, up from 127.175 on against the pound, which closed at in Paris at 5.6530 French francs, up Thursday, and at 1.6815 Deutsche \$1.7695, against \$1.7825 on Thurs-The dollar closed in Zurich at

## Gold Falls \$12 To 6-Month Low of \$454

NEW YORK -- Gold bul-lion fell more than \$12 to six-

month lows on Friday on technical liquidation by speculators and fund traders. Dealers also blamed the

firmer dollar and signs of slowing U.S. inflation. Although closing off its lows, spot gold finished \$12.30 lower BI \$454.20 an ounce. while gold for April delivery

lost \$13 to \$458.50. Bullion analysts said the lows were reached on selling after the afternoon London gold fixing at \$458.00, the low-est since Nov. 5.

Gold closed at \$456 in London, down more than \$10 from \$466.50 at Thursday's close. The decline from the highs at the opening through successive support levels at \$465 and \$460 took place in the busiest trading conditions for a month, dealers said.

## DAVOS: Economic Forum Warns Against Global Currency Instability

the correction of the U.S. trade said. deficit would cause graver shocks than most people were expecting.

balance would turn around dramatically, probably moving into surplus to the early to mid 1990s. As a result, as the Japanese and West German trade surpluses fall to near zero, a number of other countries, particularly in Europe, would move into delicit, perhaps creating strains within the Europe-

an Community, he said. The U.S. merchandise trade defibillion for 1987.

Japan's merchandise trade surplus was \$96.46 billion in 1987, compared with \$92.83 billion in 1986, according to figures released Friday. West Germany reported Friday that the merchandise surplus was 117.5 billion Deutsche marks (\$70.48 billion) in 1987, breaking the record 112.6 billion DM set in 1986.

Mr. Howell went on to say that as part of the adjustment process, the United States would have to

be painful but not catastrophic," he plus countries in Asia and Western ognize that knowledge is increas-

Robert Heller, a member of the Federal Reserve Board, said that He forecast that the U.S. trade growth, not recession, was the right way to correct trade imbalances.

> "It is important to emphasize ances should not be brought about gle market in 1992 and the current by protectionism or a recession in round of trade talks in GATT is the United States," he said. "That would be a prescription for global stagnation and maybe even global

Mr. Tietmeyer said that while cit in 1986 amounted to \$156.2 bil-linn, and it is forecast to reach \$179 tn the world economy, the adjustment process had in fact already been under way for a year and a half, partly because of the fall in the value of the dollar.

> West Germany had done its part, along with Japan, he said, by allow-ing a strong increase in its budget deficit over the past two years. The deficit had moved from 2.2 percent of gross national product in 1986 to 2.7 percent in 1987, with 3.5 percent forecast for this year, he said

Nevertheless, he agreed that coreduce its living standards, just like operation between the leading in-nther big debtor nations such as dustrial countries should perhaps Brazil, Poland and Argentina. "A take place "more speedily than four percent reduction in our income over half a dozen years will efforts were needed by other sur-

Willy de Clercq, the European Community's commissioner for external relations, warned European companies to start restructuring right away to prepare for the much stiffer competition they will face that the adjustment of trade imbal- after the community becomes a sin-

> completed in 1990. There is no point in trying to resist these developments. "Don't try to save your skin by lobbying; do it by restructuring," he urged. Structural flexibility to meet rapidly changing world conditions was also urged by Bruce Smart, the U.S. undersecretary of commerce for io-

ternational trade. changed economic climate is to rec-dustrial society," he said.

15-45 days

**Euro-Commercial Paper** 

ingly the most important basic resource, not materials and labor," be said. "Knowledge must be sought everywhere, not just in nine's own country, and products made nn a world scale are usually cheaper and better than those designed for a single national market.

A similar point was made by Mr. Nakasone, who said that intellectual property, such as patents and information, was already playing a majnr role in the U.S. economy. which was not reflected to international statistics.

Economic statistics should be revised to take account of intellectual assets, be said. That would show the United States in a very strong "The first rule for companies position — "the United States has and governments io today's already embarked on the post-in-

## Japanese Investors Cut Foreign Bond Purchases in 1987

TOKYO — Japanese investors bought about 22 percent fewer for-eign bonds in 1987 compared with the previous year, the first time since 1980 that net purchases have declined, the Finance Ministry said

They blamed the decrease largely on the volatile yen/dollar excharate in a period when the dollar generally slumped against the Japanese currency and on fears from August through October of a rise in U.S. interest rates.

Japanese investors oet porchases of foreign bonds, excluding

mand for foreign bonds would con-tinue in 1988, despite any revival of buying caused by the current stabilization in the yen/dollar rate.

Japanese iovestment bankers said Friday that Japanese investors were unlikely to make strong bids at the U.S. Treasury's auction of \$8.75 billion of 30-year bonds oext week, investors are reluctant to take risks before the end of their financial year on March 31.

"Bad memories of dollar tumbles

But the bond managers said the auction was likely to be a modest success because of healthy demand

from U.S. institutional investors, The decline in 1987 net pur-chases came after a particularly high level of buying in 1986, the officials said. Net foreign bond purchases nearly doubled in 1986 from \$53.5 billion a year earlier.

For their part, foreigners bought a net \$6.68 billion in Japanese bonds in 1987, in sharp contrast to

short-term bills, totaled \$72.9 billion in 1987, down from \$93 billion in 1986, they said.

They predicted that the slow demand for foreign bonds would command for foreign bonds would comman 1986, the officials added.

> Net purchases of Japanese bonds by foreigners totaled \$1.04 billion in December, up from \$817 million in November. Their net sales of Japanese stocks decreased to only \$977 million from \$8.84 billion a month earlier, ministry figures showed. After the stock market collapse in October, foreign investors worldwide repatriated funds by altered by open-market purchases in the new GNP data, may cause

## SCENE: The Outlook on Recession

and sales of securities - and M-1 the Fed to ease its monetary policy.

Greenspan meant to slow the growth of the monetary aggregates as much as occurred. Professor Philip W. Bell of Rice University stresses that the Fed does not have as complete short-run control over the growth of the money supply as does appear to have held an ex-many people assume. He explains tremely tight grip on monetary exthis by distinguishing between the pansion during the second half of

(Continued from first finance page) — deposit liabilities of commercial banks plus currency liabilities of the Fed.

"The monetary base, over which the Fed can exercise tight control," Mr. Bell says, "often goes in opposite directions to M-1 for considerable periods of time because of changing actual reserve ratios of

Whatever its reasons, the Fed monetary base - the Fed's deposit 1987. The threat of an unbalanced and currency liabilities, which are economy and a recession, manifest

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## Soviet Trade With West Fell 4.6% in 9 Months As Moscow Cut Imports

MOSCOW - The Soviet Union's trade vol-

MOSCOW — The Soviet Union's trade volume with the West fell by 4.6 percent in the first nine months in last year as Moscow cut back its purchases of Western goods, Tass said Friday.

The agency said that trade with Western countries from January to September of 1987 totaled 20.7 billion rubles (\$34.6 billion), down 1 billion rubles from the first nine months of 1986.

Foreign analysts said the Soviet Union apparently was cutting back imports of Western goods because of reduced revenues from the raw materials it exports, especially oil.

Tass also reported that oil output was 624 million metric tons (686.4 million short tons)

for the year, 7 million tons more than the official output target.

The figures indicated that the Soviet Union was running a merchandise trade deficit with the West of about 300 million rubles for the

nine months, which analysts said showed an

improvement.

They ooted that for all of 1986, the deficit with the West was 2.72 billion rubles.

Tass said the Soviet Union imported 10.5 billion rubles of goods over the nine months, while exports totaled 10.2 billion rubles. Exports had grown by about 550 million rubles over the same period a year earlier, it said

ports had grown by about 550 million rubles over the same period a year earlier, it said.

Analysts said imports had been depressed by greater pressure to use Soviet technology instead of importing it from the West, as well as the recent reorganization of the Soviet trade administration to adjust to changes under the Soviet leader, Mikhail S. Gorbachev.

The Soviet Union has recently abolished its Ministry of Foreign Trade and a related state committee, and created a new Ministry of Foreign Economic Relations to take their place.

"The whole trade apparatus is being reorganized, and it's having an effect," a foreign analyst said. "No one in the West is willing to sign contracts."

Tass said oo Jan. 23 that the volume of Soviet trade with all countries had decreased by about

rade with all countries had decreased by about 2 percent in all of last year.

West Germany remained the Soviet Union's biggest trading partner in the West in the nine months. But Tass said trade with Bonn from January to September was 3.7 billion rubles, down by 600 million rubles from a year earlier. Soviet imports from West Germany amounted to about 2 billion rubles over the nine

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months, Tass said.

Finland was the second largest trading partoer, followed by Italy, France and Japan.

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Blends By Robert W. Sturges

## **ACROSS**

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By I.F. Stone. 282 pages. \$18.95. Little, Brown,

SOCRATES'S drinking of the hemlock in 399 B.C. must surely be counted among the most

dramatic acts of human history. Yet is anyone clear

on why exactly the ancient Greek philosopher in-

sisted on accepting his death sentence from the

Athenian court when he could probably have es-

caped into exile, or on what the events were that led

to his indictment and trial in the first place?
Plato, who made Socrates the hero of his famous

dialogues, seems to suggest that his mentor got into trouble for exhorting his fellow citizens to virtue.

Some classical scholars take literally the apparent

language of the court's indictment, which, accord-

ing to Plato's paraphrase of it in his "Apology,"

read in part that "Socrates is a wrongdoor because

he corrupts the youth" of Athens. Still others focus on the second part of the indictment, that Socrates

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THE TRIAL OF SOCRATES

Christopher Lehmann-Haupt

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O New York Times, edited by Eugene Maleska

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arrives at. Essentially, Stone reasons, Socrates was put on trial because he didn't believe in democracy as the city-state of Athens practiced it, but rather in an absolutist form of leadership by "the one who knows." What precipitated his indictment at the age of 70 were the upheavals brought on by the Peloponnesian War and the threat in 401 B.C. of yet another takeover by anti-democratic people who had been students of Socrates and whose like had seized leadership in 411 and 404.

wished to die in any case and that to have articulated the defenses available to him, such as the right of free speech, would have meant conceding democratie principles to a system he held in contempt.

Stone's reasoning is far from flattering. In point of fact Western civilization's first great philosopher stands accused of snobbery, class prejudice, conceit, arrogance, negativism and coldness to his wife.

reasoning, though often necessarily circuitous, is persuasive, whether he is gleaning evidence from the works of Homer and Aeschylus to show what a poor choice for an archetypal ruler Socrates' nomination of Agameumon was, or winnowing the ancient Greek language to see what the true meaning of certain key words, such as those that appear in Socrates' indictment, might be.

More important, Stone's scholarship is alive and engaging. As Stone writes in his prelude, "our attempt at a new understanding of the trial of Socrates will also become a fresh took at classical antiquity. It is our yesterday, and we cannot understand ourselves without it."

69 Melvyn's co-

"does not believe in the gods the state believes in,

The issue has continued to tantalize posterity, and now f.F. Stone has joined the chase in his 12th book, "The Trial of Socrates."

Why is this maverick journalist, this dogged civil libertarian, this one-man investigative gang who put out I.F. Stone's Weekly for 19 years, this author of such books as "Underground to Palestine" (1946), "Hidden History of the Korean War" (1952), "The Haunted Fifties" (1964) and "The Killings at Kent State" (1971), suddenly grazing in the peaceful pastures of ancient history?

his weekly in 1971 at the age of 64; a word processor

but in other new spiritual beings," and suggest he was only the most famous victim in a wave of

persecutions aimed at irreligious philosophers.

The answer is a complicated story involving the angina pectoris that forced Stone to give up editing

Solution to Last Week's Puzzle

producing bold enough type for him to overcome a cataract in writing the present book; a lifelong

## **BOOKS**

passion for philosophy that led him to fall "in love with the Greeks," and a need to understand how the trial of Socrates could have happened in so free a society as his beloved Athens.

How could it have happened? One can give away his answer because there's so much more to his book than the conclusions he

As for why Socrates refused to defend himself and provoked the court into imposing his death sentence: Stone believes that the philosopher

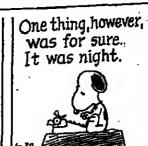
The portrait of Socrates that emerges from

Still, the case Stone makes is impressive. His

Christopher Lehmann-Haupt is on the staff of The New York Times.

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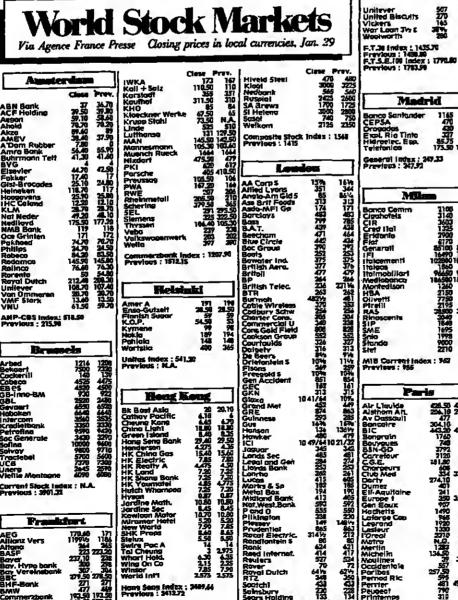




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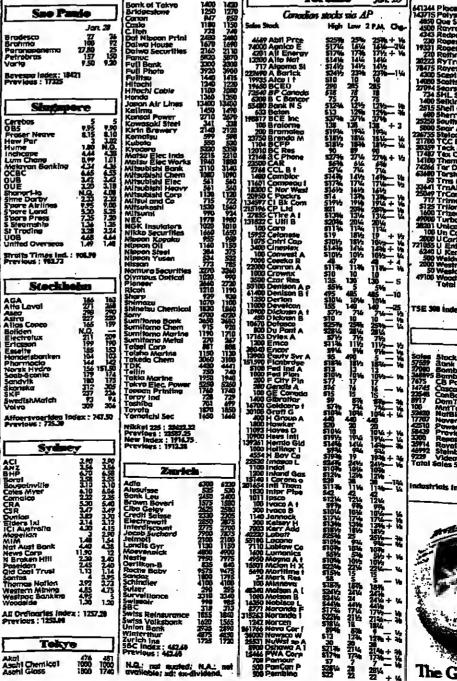
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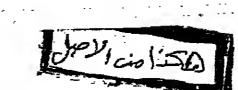
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## **SPORTS**

## To Be Or Not A Tree; Tisa **Question Few** Will Leaf Be

ILD BE SHORTENED

ATHER SINK

AN SWIM

By Ira Berkow New York Times Service

SAN DIEGO - If you were a tree, what kind of tree would you "A what?" asked Ricky Natiel, the wide receiver for the Denver

A tree.

"A tree?"
"Uh-linh. A radio reporter the ther day was asking players, "If the were a tree, what kind of tree would you be? He didn't get to

"No, and I'm glad he didn't." "How would you answer it?" Natuel thought for a moment. A money tree," he said. "Abso-

Walter Bowyer, the Bronco de-lensive end, had another kind of tree in mind. "A cheese tree," he

"I like cheese," he explained. Simon Fletcher, a linebacker for the Broncos, shook his head. "I. wouldn't be no tree," he said, with understandable scorn. -

In partial defense of that question, there was just about nothing store to ask of the players and bosches, as the 2,300 reporters from all over the world converge during Super Bowl week here, and so questions were either being repeated or stramed.

And sometimes there was just about nothing more for the Redskin and Bronco players and coach-

And there were three days to go! The phyers sat at tables in large white tents beside their hotels, and white tents beside their hotels, and was one thing he could change were engaged by rings of reporters. about last year's Super Bowl, what The coaches addressed the sporting - would it be? literati from a podium.

Coach Dan Reeves of Denver, for example, was asked yet again, Broncos of course, had been on the be said. "Or a sycamore, because will this be a low scoring game or short end of it against the New they shed a lot, the way I do tack-Be of scoring a lot of points," he ... One reporter asked Stefan long-lasting Or a spruce ... d, and both teams are capable. Humphries, the Bronco guard, Manley Finds There's a Stick, but No Carrot

By Tom Friend

SAN DIEGO — Dexter Manley, the Washington Redskins' defensive end, began the day Thursday distributing "Grapefruit — The Breakfast of NFC Champions" T-shorts. He ended it feeling sour.

Having skipped Wednesday's interview session be-

cause he was "tired," Manley showed up Thursday

with a prepared statement of which he was quite

proud. Engulfed by about 50 members of the media, he said, "I'm really not very much like the president."

ington Post Service



Dexter Manley of the Redskins found himself at center stage not once but thrice on Thursday,

Whatever this means, I don't

And Joe Gibbs, the Redskins' coach, was asked the same question. "Depends on the big plays," he said. "We're both capable of making them. But then if the defenses get at each other, there won't be hig plays. So you oever know. Besides, I'm the last guy to ask."

Then there are all the expected questions about the game's super-"Everybody's asking about El-way," said Monte Coleman, a Red-

skin linebacker, looking slightly miffed. "What about me?"

Meanwhile, someone comes up with a tree question. Or an animal in the zoo question: If you could be any animal in the zoo ...? Someone asked Erie Yarber, the

Redskin kick returner, "What kind of girl do you think Sigmund Freud would go for? "A dizzy dame," Yarber replied. "Correct," said the interviewer,

and he chirped merrily off. Karl Mecklenburg, the Bronco linebacker, had been asked, If there

time. I suggest that you submit your questions in he's supposed to be."

writing and I will study them and submit my answers
in writing."

Normally, Gibbs doesn't want Manley doing many interviews because he often says something outlandish

"My mother's German chocolate cake," he said

The reporter, himself partial to German chocolate cake, nodded, and duly jutted this in his notebook. "And your mother's name?" he asked.

"Harold," said Humphries. The reporter looked up. "Uousu-al first name for a mother." Humphries smiled. "It's actually Maud," he said. "But because of

that movie, sometimes I refer to her as Harold." "I see," said the reporter, and eased away from the table. R.C. Thielemann, a Redskin guard, said he'd want to be a shoe

tree. "To fit my big feet."
"An oak," said the 5-foot-8-inch (1.7-meter) Yarber. "I've got a little man's complex, and I want to he

big, strong and sturdy." K.C. Clark, the 5-10 Bronco defensive back, had another theory. "Since I'm short," he said, "I'd want to be a bush."

Why? "Because I really don't feel Mark Jackson, the Bronco wide

"The score," he replied, with he would most be like. "A Japanese more than a hint of irritation. The maple, because they're so colorful." Broncos of course, had been on the be said. "Or a sycamore, because lers. Or an oak, because they're

son thought of a cheetah, because he's fast, and a fox, because he's "Best yet, a combination," he said. "A feetah, or a chox."
"A pig." said Greg Kragen,
Bronco nose tackle, "because he's

short, fat, and likes to wallow in the tiger," said gentle Reggie

Branch, the Redskins' running back, "because be's mean, vicious, rough, tough and takes nothin from nobody."
"A bear," said Rick Kehr, Red-

skin guard, "one with a sore backside. They can get grumpy."
"An elephant," said Thielemann.
"An alligator," said Orson Mob-

ley, Bronco tight end, "because I like water sports." "A panther," said Steve Hamil-

Redskin defensive end and

tackle, "because they're laid back Timmy Smith, the Redskin running back, would be, he said, "a Redskin center and guard. "The zoo keeper, an question about it. If I'm in a zoo, I don't wanna be no

So the Xs and the Os and the receiver, thought about which tree trees and the animals had all been explored. Orson Mobley was asked one

> "A flower," it was suggested, what kind of flower would you

## When All Sunday's Factors Are Assessed, Last Line Is: Can Redskins Stop Elway?

Washington Post Service
SAN DIEGO — For an early vord on how Super Bowl XXII might swing between the Washing-ton Redskins and the 3½-point favored Denver Broncos, let us defer to a couple of newspaper stiffs, Tom Landry and Howie Long.

"If the Redskins don't commit nurnevers," Landry, the coach of the Dallas Cowboys, wrote in one of his daily columns, "and they hit a big play or two, which they're very capable of doing, you may see a rare Super Bowl upset."

"The Redskins' only chance" to stop the Broncos' quarterback, John Elway, "might he to hring in The Big Chief from D.C. to dn a rain dance," wrote Long the long-time defensive stalwart of the Los "I did a leaf report that I was so proud of in high school," he said.
As for animals in the zoo, Jack-Angeles Raiders. "It is said the only way to really stop Elway is with a monsoon."

Like everyone else, the Redskins will be attacking Elway with three 11-man waves. They want the defense to keep his passing oumbers from rocketing off the charts; they want the special teams to present him with lousy field position; they want the offense to buy both time and points.

"We're gonna need 30 or more points," said the Redskins' defensive coordinator, Larry Peccatiello. Smiling he added: "We don't want in put too much pressure on the

When last the Redskins and Broncos met, in Denver in the oextto-last game of the 1986 regular season, all that 30 points got the Redskins was a sad plane ride home. That and a new place-kicker, said a recent victim, the Minnesota since Max Zendejas had missed on an extra point and a 41-yard field goal lase in the third quarter.

Redskins ran well, George Rogers gained 93 yards on 24 carries and a starter for the first time in nearly Kelvin Bryant averaged 4.2 yards two months, he was a combined 23 on 5. They ought to he able to do for 55 in Redskin playoff victories that again because of Washington's over the Chicago Bears and Vikings. enormous size advantage on the But that statistic is less negative than offensive line. The smallest, 260- it seems, Williams argues, Several of pound (118-kilogram) center Jeff those incompletions were throw-Bostic, is within five pounds of the aways to avoid a sack. His only sack



Ouarterback John Elway, who most consider to be the key to who wins the Super Bowl, blew a bubble while listening to instructions from the Broncos' coach, Dan Reeves, at practice Thursday.

fensive linemen.

If the Redskins are able to run, quarterback Doug Williams can tled some when he said: "I'm happy trigger a pass offense every bit as to be in the Super Bowl and facing a sophisticated as Denver's.

"Washington does some things that are killers against coverages." Vikings' linebacker, Jesse Solomon. "They are the only seam I know with a quality catcher at every catching In that 31-30 Denver victory, the spot and for every role."

Williams is the pivotal player. As

largest of Denver's three down de- and interception of the postseason came against the Bears. Earlier this week, Willia

> guy like Karl Mecklenburg." What?

"That's who I face," Williams said of the Bronco who lines up in so many places on defense. "John Elway has in deal with Charles Mann and Dexter Manley. Early on, the Bears dealt more

than adequately with Mann, Manley and the rest of Washington's Simms, by being nearly perfect, defense hy using the shotgun for-mation Denver features so much. The Bears even ran effectively from that set. Now, Long and some other defensive specialists figure that the Redskins must devise some sort of plan that keeps Elway from improsing on the run.

spy" against mobile quarterbacks. victories. The Kansas City Chiefs That, generally, is a linebacker who shadows the quarterback from the Raiders, Dolphins and Cowboys, defensive side of the ball. If the ready near the line of scrimmage to member being beaten badly by the make the tackle.

make the lackie.

"We used [Brian] Bosworth," said
the Scahawks' defensive backfield
coach, Ralph Hawkins. "He's a guy fast enough to run Elway down."

er, you use a spy at the expense of shouldn't be overlooked." either your pass rush or your cover-

more disciplined than John Q. Pub- ference title game. lic would probably imagine," said the Brancos' receivers coach, Chan Gailey. "We have a designed read which team slinks off the field scramble occurs.

We run disciplined routes and Thursday, Long, too, was neutral.

imagination to get open. With John, he's so creative that you have to be imaginative yourself to get open."

Fortunately for the Redskins, they have enough quality rushmen to pressure Elway, and enough quantity to keep everybody relatively fresh. Also, the secondary seems better this season.

Elway completed several critical passes last year against Barry Wil-burn, who this season led the NFL in interceptions. The take-no-prisoners safeties, Todd Bowles and Alvin Walton, are in their first full season, and Darrell Green appar-ently is healthy enough for full duty at cornerback and extended use on

"We couldn't have asked for better preparation coming into this game," Peccatiello said. "We played Marino, who presents passing prob-lems much like Elway does."

But what separates Elway from Dan Marino, the Miami Dolphins' tender-kneed star, is the ability to improvise on the run.

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Troup of Funds

Wade Wilson of the Vikings "had some maneuverability, al-though not like Elway," added Peccatiello. "Our players were able to see how that can hurt you if you aren't careful. It's not like we've

been playing wishbone teams."

The Redskins' deep backs are certain to make their reintroductions to

the Broncos' receivers quickly. "The Amigos are going to get rapped," the Buffalo Bills' general manager, Bill Polian, told the Los Angeles Times. "It doesn't matter if they catch the ball or oot, they're going to get it from a more physical secondary than maybe they've seen." Elway is comfortable with Super Bowl pressure, having completed 22 of 37 passes for 304 yards and a touchdown in the loss last year to the New York Giants. Only Phil completing 22 of 25 passes for 268 yards and 3 touchdowns, could

dwarf such a performance. Elway "is the greatest quarterback to play in a long, long time," Hawkins said. "He can nun disaster into a great play,"

Many give the Broncos the men-Many defenses use what the Na-tional Football League terms a usually follow Super Bowl losses with won the second time, as did the

But there likely are enough Redquarterback tries to rum, the spy is skins, players and coaches, who re-Raiders four Super Bowls ago to narrow that psychological gap. Sunday's showdown also is likely

to be closer and more dramatic than any of the previous 21, be-But in their biggest game this cause neither defense has been conseason, the Redskins insist they will sistently dominant. "The Redskins aren't over

"We don't like using it, as a general rule," said Peccatiello. "We realize ence assistant coach said. "But they Elway's tremendous ability. Howevaren't weak anywhere, which

Nobody is overlooking the negaage. We're not willing to sacrifice tive impression that shadows Deneither of those. We feel like we've ver's and Washington's place-kickgot to take our chances with people ers. Rich Karlis missed on a 23doing a better job of rushing and containing. We can't afford to take anyone out of either area."

yard field goal at a critical time against the Giants last Super Bowl; Ali Haji-Sheikh missed from 38 Really, our offense is much and 47 yards in the National Con-

sponse far everybody when a Sunday, there is this link: Landry has yet to choose a winner. As of

## After pow-wowing with Redskin publicists, he returned to find a written note on his seat that read: "Why did you come back?"

SCOREBOARD

With that, he left the tent.

#### Basketball

**National Basketball Association Standings** (Pressey 9); Denver 42 )Rosmussen 8), Assisis: Allwoukee 27 (Pressey 9); Denver 28 (English, Adoms, Lever 8), LA. Lokers 24 27 26 24—115 Socremente 29 24 26 24—14 BASTERN CONFERENCE

Worthy 10-13 4-4 24, Johnson 6-10 4-6 18; Thorse 9-18-5-521, Thousa-17-9-0-16, Rebounds: Los Angeles 45 (Green 13); Socromento 49 (L.Thompson 16), Assistant A. Atlente Detroit Chicuso Milerauk Indiana U.S. College Results 

THURSDAY'S RESULTS
Mew York 21 25 23 18—99
Wamblowice 29 23 23 22—189
Kine 13-22 7-10 23, Musicines 13-22 5-6 50;
Jockson 7-16 5-4 18, Contwright 7-10 3-4 17,
Rehousts: New York 30 1 Contwright 91;
Workington 63 (Mullicione 17), Assists; New
York 24 (Jackson 17); Woshinston 26 (Bosues
10).

Oldjaven 9-24 5-10 25, Floyd 5-17 3-3 Ta, ReCottleyalend 6-5 (Cavelind 25 (Price 6):

(McCray 14), Assists: Clevelond 20 (Price 6):

Houston 11 (Legwell 5).

Milwesten 21 (Legwell 5).

All the second 25, John 51, 45

New-Los Vess 27, Presso 51, 71

Desiver 31 32, 27 38—122

Stressey 6-12 19-11 22, Committees 9-15-34 21:

The second 25, John 51, 45

Stressey 6-12 19-11 22, Committees 9-15-34 21:

Wyorking 57, Son Diege 52, 54

WALES CONFERENCE

**NHL Standings** 

## **World Cup Skiing**

to fire up opponents. So Manley was surprised Thurs-day that Gibbs made him return to the interview tent. He didn't want to go. "I'm not getting paid for it,"

Gibbs, later, said Manley

(Al Schladzhie, Austria)
1. Pirmin Zurbriggen, Switzerland, 1 minute,
59.21 secondg
2. Franz Nelraer, Switzerland, 2:00.81
1. Peter Ourr. West Germany, 2:00.82
4. Dontel Materer, Switzerland, 2:00.86
5. Atte Skoordal, Narway, 2:00.18
6. Franch Plocard, France, 2:00.23
7. Gerhard Pfotterbichier, Austria, 2:00.86
8. Anion Steiner, Austria, 2:00.87
10. Peter Moller, Switzerland, 2:00.31

OVERALL STANDINGS 1. Zurbrioset, 211 points.
2. Alberto Tomba, Hoty, 206
2. Alberto Tomba, Hoty, 206
3. Gunther Moder, Austria, 97,
4. Maritus Wasmeler, West Ge
5. Hubert Stratz, Austria, 93,
6. Michael Mair, Holy, 74,
7. Piccard, 72,
8. Address, 57.

#### Transition '

American Leopue
BOSTON—Agreed to ferms with Solks
Owen, shortstop; Brody Anderson, outfleider; Pal Dodson, first basemen; Don Gobriete,
pitcher, and Rondy Kutcher, infleider.
CLEVELAND—Normed Paul Olden radio
annumer.

CONTracts.

National League

LOS ANGELES—Agreed to learns with

Mike Marshall, outlisider, and Kar Mowell,

pitcher, on one-wer confracts.

PHILADELPHIA—Signed Jeff Sions, out
Neider, to a sne-wear contract,

SAN FRANCISCO—Sent Roser Mosen,

pitcher, outright to Phoenix, Pacific Coost

Noticed Bestattell Association PORTLAND—Placed Slave Johnson, center, on injurid reserve.
POSTEALL
National Football Largue
KANSAS CITY—Fired Las Miller, college

sive coordinator and Tom Bettls detensive backfield costs. N.Y. GIANTS—Fired Part Hadgeon, receivers coach. Named Tom Capabilin receivers HOCKEY

right wins, and Pol Conochar and Tim Lenerdon, centers, from Ulica, AHL,
N.Y. RANGERS—Accurred Chris Niton,
right wins, from Montreol for the right to
switch lirst-round draft picks with Rangers in
1989 entry draft. Sent Ron Euguar, right wins,
to Colorado, Infernational Hockey Leopue,
PITTSBURGH—Sent Todd Charlesworth,
defensemen, to Musicason, IHL.
TORONTO—Called up Mike Blaisdell, right
land, and Tod Course, defensement, Iranh Mawi-

DLYMPIC U.S. OLYMPIC COMMITTEE—Named Able Grossield coach of men's symmostics team for the 1995 Olympics in Secol.

#### He replied, "I didn't want to come back," then repeated his speech. He finished by screaming at the top of his lungs: "All questions in writing!" To Wake Forest Rally With that he left, Again. Ten minutes later, at the prodding of his coach, Joe Compiled by Our Stoff From Dispatches GREENSBORO, North Carolina - David Carlyle

No. 3 Carolina Falls

scored 18 of his 21 points in the last 20 minutes of an Atlantic Coast Conference game Thursday night as Wake Forest beat the No. 3-ranked U.S. college basketball team. North Carolina, 83-80. Once I hit my first few shots, I knew I had the bot

He then began reading his speech.

Gibbs, later, said Manley "understands he hand," said Carlyle, who made six of nine shots in the "Orlay," he said, "there are so many questions that should be been there. I apologize for that. Then he second half, "I wasn't going to stop shooting. Coach are repetitious that in order to save your time and my added: "Dexter needs to get on the stick, and be where [Bob Stank] told me not to stop shooting." Trailing by 14 points early in the second half, Wake

13:35 left. Carlyle sank the first two three-pointers and Cal Boyd ended the burst with two more. Then a 12-2 run, covering more than three minutes, gave Wake Forest a 73-71 edge.

After North Carolina's Ranzino Smith tied the

score at 77 with a three-point basket, Carlyle's two free throws and a short jumper by teammate Todd Sanders gave Wake Forest a lead it never relinquished. Sam lvy's two free throws with three seconds left ensured

Ivy and Boyd each scored 18 points for Wake

By Michael Janofsky New York Times Service

buildings were creating a skyline. So many people were moving

Then, in September 1981, almost as an affirmation of boom-

time economics, the International Olympic Committee awarded Calgary the Winter Games of 1988. To those who had cam-

paigned for two years to win the Games, that was irrefutable

evidence of Calgary's emergence as a major North American city.

Olympics, which begin Feb. 13, would become far more than an economic bangle. As the area's two largest industries, oil and grain,

suffered through the spasms of changing world markets, the Games held city and economy together. They not only provided thou-sands of jobs, even though some were temporary, they will leave

in new construction when nothing else

for public use \$400 million in new and improved sports facilities and will pump more than \$1 billion into the local economy.

"The Olympics came along at a fortuitous time for Calgary,

said Max Foran, a high school principal and author of two books no Calgary. "They gave the city a material and psycholo-gical boost in the arm and infused a climate of positivism." Mayor Raiph Klein, 45, called the Games a "Godsend They

didn't solve all our problems, but they sure were a nice stopgap.

The Olympics have been on the minds of Calgarians for more

than 20 years. The city, Canada's sixth largest, lost a bid to Innsbruck, Austria, for the 1964 Games; to Grenoble, France, for

1968, and to Sapporo, Japan, for the 1972 Games. Undannied,

Calgary tried again and beat out Vancouver, British Columbia,

for the right to be the Canadian city to bid for the 1988 Games.

That left the organizing committee two years to wine, dine and

lobby IOC members, selling the virtues of the city other than the

one for which it is best known, the annual Stampede, a 10-day

Canada, with the national headquarters of nearly 600 oil com-

panies. For another, organizers had promises of cash or credit of

\$161 million from the federal government, \$100 million from Alberta and \$40 million from Calgary to be used for new

On the second ballot, Calgary earned enough votes to defeat Falun, Sweden, and Cortina d'Ampezzo, Italy. "We had decided

that when the vote was announced, and if we won, we would just

stand there, act properly and just nod our heads," said Frank King, 51, oil man, chemical engineer and organizing committee

charman. "The moment we heard, we all leapt, hugging and kissing each other. It was quite an emotional moment."

For one thing, Calgary had grown into the energy capital of

party of rodeo events and folks wearing Wild West get-ups.

facilities and improvements on existing ones.

They gave us half a billion dollars

was going on.'

- Calgary Mayor Ralph Klein

Little did they know that in the months and years ahead, the

here that city leaders were discouraging others from coming.

CALGARY, Alberta - The times were heady here, back at the dawn of the decade. Oil prices were up. Agricultural markets were strong. Unemployment was virtually nonexistent. New, glassy



# Forest, which ended a 12-game losing streak against North Carolina and raised its record to 7-9 overall, 2-4 in the ACC. Smith and J.R. Reid each got 19 points for North Carolina, 14-3 and 3-2. (AP, UPI) bome during a 76-64 defeat of No. 13 Illinois.

Games Help Calgary End Hard Times

Within three years, unemployment soared to 15 percent, occu-

pancy rates fell by 20 percent, and the value of new construction dropped more than 80 percent. All over the city, skepticism

increased over Calgary's ability to proceed as a host for the Games. The memory of Canada's last Olympic experience lin-gered: The 1976 Summer Games in Montreal ended up with

enormous cost overruns despite the memorable prediction of that

city's mayor, Jean Drapeau, who had said, "The Montreal Olym-pics can no more have a deficit than a man can have a baby."

And here were Calgary organizers, predicting a surplus.

Rather than return the Games to the IOC, they plunged forward, using the various governmental commitments and.

later, a record \$309 million in television rights from ABC.

Nordic skiing centers an hour away. In between are the new Olympic Saddledome, to he used for hockey and figure skating

the Olympic Oval, the world's first enclosed arena for spec-

skating, and Canada Olympic Park, a large complex 15 minutes

Colorful banners bearing the Olympic rings and sports logos are

so popular they already are being stolen. The Olympic pin

began 10 years ago in a garage, expects to make 37 million this year alone in sales of Olympic-marked clothing.

With opening ceremonies so close, some skepticism remains,

The ticket scandal was arrested, literally. The spats have been

relatively inconsequential. More than enough snow has been

stored to maintain the ski venues. And, with ticket sales exceed-

ing the last three Winter Games combined, organizers expect a

although Klein makes no bones about what most concerns him.

"During the boom years we were telling people not to come here," he said. "That was a mistake. We should have gone out of

poured. Now, we need to diversify our economy and take advan-

tage of the feelings the Olympics will leave. We're hoping people

say, 'Boy, that was a good city,' and will want to come back."

By oow, it is almost as if the feelings of the past have returned,

fueled by a recent ticket scandal, organizational spats, the

possibility of 100 much warm weather and taxpayers' lingering

fear that somehow they will be stuck with part of the tab.

surplus to approach 529 million.

west of downtown for ski jumping, bobsled and hige events. A festive air about town is unmistakable and unavoidable.

## **SPORTS BRIEFS**

Zurbriggen Wins Downhill The emphoria, however, was short-lived. By the end of the year, the effects of new government policies designed to redistribute taxes from the oil industry, spreading them more evenly across the country, were beginning to take hold. Around the same time, world grain markets became saturated with surplus. In short order, Calgary found its economic legs kicked out from under it.

SCHLADMING, Austria (AP) — Pirmin Zurbrig-gen of Switzerland conquered a dangerous downhill course Friday to win his second World Cup race this season and gain first place in the overall standings.

He has 211 points to Alberto Tomba's 206. The Italian doesn't ski downhills, but can regain the lead

in Saturday's giant slalom. Zurhriggen clocked 1 minute, 59.28 seconds down a 3,408-meter (3,795-yard) course that dropped 1,010 meters. Teammate Franz Heinzer was second, in 2:00.01, with Peter Dürr of West Germany a surprising third in 2:00.02.

Michael Mair of Italy, who won last Saturday's downhill was first off and first to fall. Right afterward, Leonhard Stock of Austria, the 1980 Olympic downhill champion, fell at the same spot, to be followed by Felix. Belczyk of Canada, who won a Super-G earlier this week, and Jeff Olsen of the United States.

## Love Putts Into Golf Lead

"It kept people working, said Klein. "Labor was plentiful. Materials were cheap, and the Olympics became an economic force. They gave us half a billion dollars in new construction when nothing else was going on." SCOTTSDALE, Arizona (NYT) - Davis Love 3d, By 1986, the projects and optimism were far enough along to withstand even the drastic worldwide drop in oil prices. "By having changed to a new putter, sank six birdie putts and one eagle putt of 20 feet (6 meters) Thursday to shoot an eight-under-par 63 for a three-stroke lead after one round of the Phoenix Open golf tournament.

Larry Nelson, Ken Brown of England, Steve Jones of Phoenix and Chip Beck were at 66. Defending the property of 76 after a quadrula. then," King said, "we were mentally tough. We had been through it before and survived. We could survive again."

The final results of crossed fingers and perseverance are evident from downtown, with its new Olympic Plaza, the nightly staging area for medal presentations, to the impressive Alpine and

champion Paul Azinger carded 76 after a quadruplebogey 9 oo the third hole, where he hit his first two shots out of bounds.

## For the Record

Lou Name, 46, general manager of the NHL Minnesota North Stars, resigned, saying he feared the pressure of the job would ruin his health. (AP) business is thriving. Sun Ice, a local garment company that

Calvin Natt, the NBA Denver Nuggets' forward, was one of about 60 people arrested in an Aurora, Colorado, police "sting" Jan. 15 that used an escort service to draw sexual solicitations, police said Thursday. Natt quiekly called a oews conference to apologize to his wife and teammates.

The World Luge Championships, to he held this weekend near Montreux, Switzerland, were postponed Friday until Feb. 20-21, after the Olympic competition, because of a lack of snow,

#### **Ouotable**

· Announcer Al McGuire, oo his coaching style at Marquette: "I wanted my teams to have my personalour way to accommodate for a rainy day. We didn't, and it ity - surly, obnoxious and arrogant."

Hall of fame golfer Gene Sarazen, asked his greatest thrill: "Collecting my first Social Security

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)17), Sandstrom (14); Eldund (9), Prope 118),
Shots on goel: New York (on Hextolt, LoForest) 4-15-3—22; Philiadalphia (on Vamblesbrouck) 20-9-8—37.
Philiadalphia 3 8 8—3 PHISDOGRA 3 8 8-3 New Jamey 3 8 3-4 Korn (8), MocLean 3 (11, 2010) 117), I.Brown (6): Kachowski (4), Siren (11, Sim-mer (8), Shets on good: Pilithursh (on Chev-18 29 8 46 164 219 54. Levis 12 2 3 3-9 125 28 7 37 183 21) Gitmort 3 (20). Hritoc (9). Renmys 13). Hunter (18). Mescaler (12). McKegney (25). 28 14 5 42 225 171 necoto: Jon Afilen) 6-6-8-21; St. Louis Jon Age 22 21 6 50 179 185 Takkol 12-13-13-37.

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Grand State of the State of the

THURSDAY'S RESULTS

MEN'S DOWNHILL

BASEBALL

annuncer.

MILWAUKEE—Signed Bill Schroeder,
colcher. Ernest Rise and Joey Mever, Intialders: Lavell Freeman and Darriel Walters,
outfielders: and Don Marphy, Dave Stopleton

BASKETBALL

scouling director, Named Whitey Dovell col-lege scouling director, George Seick atlan-

National Hecksy League
LOS ANGELES—Recalled Kan Bourngorinar, defensemen, from New Hoven.
American Hocksy League.
NEW JERSEY—Recalled Chris Cichockl.
right wing, and Pet Conachar and Tim Lensr-

morket, AHL.
WINNIPEG—Sent Stave Panney, gootle, to

#### Gibbs, Manley was back again. "When the boss speaks," Manley explained, "E.F. Hutton listens." At that point, Manley said that the Super Bowl hype had ceased being fun Tuesday night, after be'd heard about 127 questions concerning Denver quarterback

Forest used the three-point shot to close to 56-52 with



## **POSTCARD**

## Culture in the Amazon

By Samuel Abt tional Herald Tribune

MANAUS, Brazil — Because the rubber tree defied cultivation and had to be tapped where it was found in the malarial jungle, the worker's life was close to slavtury rubber boom. But in Manaus, the great port for Amazon rubber, fortunes were easily made, spent and remade.

English, French and German merchants built mansions huge enough to serve now as government ministries. The cost of living in Manaus was proudly reckoned to be several times higher than in New York, pushed upward by the Europeans' habit of sending their laundry home to London and Paris. Brazilian river water, they ex-plained, yellowed the colonials white sints and dresses.

No one could imagine that in 1876 seeds of the rubber tree would be smuggled out of the Amazon. Planted in England, they produced seedlings that were sent to Malaya, Ceylon and Java, where the rubber tree could be grown scientifically for the first time. Within decades, Brazilian rubber was priced out of the world market

The slow-motion port and the stained, weatherworn stucco of modern Manaus were inconceivable late in the 19th century. That was a time for grand gestures: The Customs House was ordered from England, shipped across the Atlantic in blocks and assembled on the city's waterfront in 1906. The municipal market is an art nouveau classic, the floating dock to service liners was a marvel of its time.

#### Los Angeles Museum Gets Netsuke Collection

United Press International LOS ANGELES — One of the because of the uncertainty over re-world's most acclaimed collections pairs, no contract can be signed yet. of Japanese netsuke, valued at more than \$1 million, has been acquired by the Los Angeles County but high, the hall should have su-Museum of Art. Raymond Bushell, owner of the collection, said he also would donate a collection of Japa- dallions listing the names of Euro-

and medicine chests. The two collections accelerate the museum's goal of establishing a there, a hittersweet myth as Maworld-class Japanese art collection. naus, now a city of one million,

Such a city demanded culture, of course. In San Sebastian Square, facing the Monument to the Open-ing of the Ports, arose the Teatro Amazonas, Manaus's opera house. Marble staircases were sent from Italy, chandeliers from Venice, ery during the Amazon's 19th-cenironwork from France. Alsace filled an order for the 40,000 blue, green and gold ceramic tiles that covered the building's cupola. They boasted in Manaus that the opera house in Paris was the model for theirs, and no grander.

When it was completed in 1896 after 15 years' work, the neoclassic building and its grounds covered a city block. The cost was put at \$2 million, a lordly sum but judged to be worth it for a building so unexpected. Jenny Lind sang there and the Comédie Française was persuaded to send a troupe. Molière m the jungle! In recent years Margot Fonteyn danced there once and evenings of folkloric music were

NOW the Teatro Amazonas is being restored for the second time tioned. The building is encased in scaffolding but open to tourists, who must dodge workers spraying chemicals to counter termites. Seasonally heavy rains are reported to have weakened the walls, some wiring is suspect and a thorough paint job is needed because of the sun's bleaching. The second restoration began last year and is scheduled to be completed in February 1989. Funding has slowed, despite government promises to provide an initial \$3 million of the \$6.3 million

budgeted.
Officials talk of eventually reopening the theater in style by booking an international opera or ballet company. The Bolshoi has been mentioned prominently but,

The theater itself is unexpectedly perb acoustics. In the style of the period, marble columns bear menese sword furnishings, pipe cases pean composers and playwrights. It is only a myth, a guide insisted, that no opera had ever been performed The oetsuke collection consists of awaits the next boom, perhaps in 141 pieces from the 18th and 19th Amazon gold. In Manaus, the juncles are said to be full of gold.

# Max von Sydow's Taxing Times

SAYING he has "no hard feel-ings" about a tax case that took 14 years to settle, Max von Sydow is back at Stockholm's Royal Dramatic Theater, doing

After a string of Hollywood successes, including the title role in "The Exorcist" and the part of the assassin in "Three Days of the Condor," von Sydow is resuming the stage acting career that he left in 1974 in the midst of an angry battle with the tax authorities.

"Of course, in the beginning I was very paranoid," he said in a telephone interview from Stockholm, "but after a few years I kind of shook it off."

Unlike Ingmar Bergman, who also left Sweden for a while over a tax dispute, von Sydow said he never considered himself an exile. "I got a chance to work in Italy, and I happened to be very fond of Rome. There were no good offers in Sweden, so I left. He later moved to Hollywood, and now lives in Paris.

But be has kept a country home in Sweden. "I'm sure I'll end up here eventually," be said.

He said he found his tax dispute "boring complicated and frustrating. I have a very bad memory, I'm very bad with fig-ures and I can't think legal terms. I just can't understand that language. It bothered me too much and distracted me from my work so I handed it over to my legal people and let them handle it."

Von Sydow is rehearsing for his leading part in an early Strindberg play called "Mäster Olof" which will open at the Royal Dramatic Theater Feb. 27. It's the first time he has been on the stage since appearing in Tom Kempinski's "Duet for One" in New York six years ago. He also appeared in the movie version of that play, released last year, with Julie Andrews and Alan Bates.

Von Sydow's battle with the authorities in one of the world's most heavily taxed countries began in 1973, when they charged him a supplementary levy of 120,339 crowns for allegedly un-derpaying his taxes. He paid it, he said, "because I knew that if I won my case, I would get it back, and I was sure I would get it back.

But it took me a very long time." as a skattetillage, is still imposed in the event of nonpayment or



Actor von Sydow: Moving back to center stage in Stockholm.

INTERNATIONAL CLASSIFIED

thorities were, in effect, finding ed that, partly as a result of the him guilty of a criminal charge and punishing him without a full and fair hearing. On grounds that the failure of the government to grant him a hearing was a violation of his human rights, his lawyers took the case to the European Human Rights Commission in 1985. Before it could come to judgment before the European Court of Human Rights, the Swedish government backed down and paid von Sydow

and 120,000 crowns in costs. The reason was obvious, I think," said von Sydow. He said he was happy at the outcome, not because of the money but "because I wanted to get some kind of recognition."

200,000 crowns in compensation

A spokesman for the Swedish finance ministry in Stockholm said a special assessment, known Von Sydow claimed the au- underpayment of tax. But be add-

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von Sydow case, disgruntled citizens now have the possibility of appealing in a face-to-face meet-

ing with a tax inspector.
"It is much better if you have someone to whom you can talk personally, even if it's somebody you really dislike," von Sydow said. "In the United States you can make deals with these people. You can talk to them directly."

Ingmar Bergman left Sweden in 1976, saying he would never work there again after two policemen interrupted a rehearsal and took him away for questioning about his taxes. Bergman returned a couple of years later, however, after the charges against him were withdrawn. In another celebrated case of the period. Astrid Lindgren, an author of children's books, lampooned the gov-ernment after it made her pay 102 percent of her earnings in taxes in

Those two cases changed the

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government in Sweden for some time," von Sydow said. However, asked if he thought the tax climate had improved, he said, "not really."

Bergman discovered von Sydow in the 1950s when be was an actor in the municipal theater at Malmo, and later featured him in many of his films, including "Wild Strawberries," The Mag-cian," "The Virgin Spring," and "The Passion of Anna."

Von Sydow said he's happy to be back on the stage after his digression to Hollywood. The stage is more rewarding because you know what is going on. The part is yours. You are there. No one comes in afterwards and edits you. And also of course you have the direct contact with the audi-

Von Sydow has no immediate plans to appear in any more mov-ies. He recently finished directing his own film in Denmark, called "Katinka," based on a novel by a Danish anthor, Herman Bang.

"Mäster Olof," written when Strindberg was 23, is a historical drama on the theme of the 16th century Lutheran reformation in Sweden. It is being directed by Lennart Hjulstrom, who has worked mostly in Gothenberg.

"It's kind of Brechtian," von Sydow said. "It deals with con-flicting ideas between the man vho wants to reform the religion in his country and another man, a revolutionary, who wants not just to change religion but the entire society. That's the part I'm playing, a printer. In those days, they were the new media people and very controversial."

Von Sydow said he's also enjoyed catching up with several old colleagues, including his co-star in "Mäster Olof," Margarita Krook, a contemporary at the

acting academy.
"This is my theater home," be said. "This is where I started, because the acting academy in those days belonged to this theater. It doesn't any more, since it has become divorced from the theater and has become a state academy somewhere else in town, which I think is bad. In the old days, we belonged to the theater and were part of it, and much of what I think I've learned from the the-ater I got just by watching the rehearsals when the big elephants were dancing on the stage.

## Concert for Children

the "One Love Africa" concert March 5 are Sade, the Blumdu Boys, Princess, Manu Dibango, King Sunny Adé, Yousson N'Dour, Miriam Makeba, Hugh Masakela, Ladysmith Black Mambazo, Orchestra Marabenta and Bonga, according to the coordinator of the symposium. The concert will be held as part of a five-day symposium beginning March 1.

The Swiss branch of Sotheby's is string the lawyer Marvin Mitchelson, contending that he failed to pay \$1.1 million he owes for a bib necklace and a sapphire pendant with diamonds. Mitchelson purchased the jewelry at an auction in Geneva last April, according to the papers filed in Los Angeles. Mit-chelson said the dispute centers on his desire to pay for the necklaces in U.S. dollars rather than Swiss francs. "It would save me a couple bundred thousand dollars," he said. Mitchelson had agreed to pay 1.4 million Swiss francs. Sotheby's seeks payment for the necklaces, interest of 10 percent per year for

the delinquency, and attorney's fees. . . Meanwhile Mitchelson was one of the attorneys for the actress Joan Collins and her former busband, Peter Holm, who met at the bargaining table but failed to reach a settlement that would ward off a Feb. 10 trial. Mitchelson. representing Collins, said the chance of reaching a property settlement "doesn't look good."

Christian Lacroix and Patricia Kennedy were among 22 men and women named the most elegant in the world in 1987 by The Best awards committee, under the patronage of the French Federation of Fashion. The awards were given Friday night before a star-studded crowd at the Musée de la Mode et du Costume in the Palais Galliera in Paris. Other winners included

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Harry Belafonte says he'll join performers from Africa and other parts of the world for a concert in Harare, Zimbabwe, to draw attention to the plight of children in southern Africa. "In order to have a healthy Africa, you must have healthy Africa, Belafonte, a UNICEF goodwill ambassador, said at a news conference in New York. Other performers slated for the "One Lowe Africa" concert.

The British pilot Brian Miland landed his ultra-light plane in Sydney on Friday after many near tragic mishaps during a flight from London. "It's like a dream to be here after such a perilous flight said the 45-year-old pilot, as he finally completed his 55-day journey."

П

Andres Pastrana, a television personality and conservative candidate for mayor of Bogota, received the King of Spain Journalism award Thursday, three days after be was freed from be was freed from kidnappers working for Colombia's creaine cartel Pastrana 33 was the cartel Pastrana, 33, won the award sponsored by the Spanish sponsored by the Spanish nations:
news agency EFE and the government-run Institute for There. ment-run institute for Thero-American Cooperation for a report ensitied "The Punishment of the Gods" and all of the Punishment of the Gods' and all of the Punishment of the Gods' and all of the G

Winder Kandedan

by an army patrol looking for Astorney General Carlos Manne
Hoyos, whose bullet-indiled hod;
was found outside Medellin, the solicalled cocaine capital of Colombia.
Pastrana was kidnapped Ian 18

Cicciolina, the hard-core pomography star elected last year to the
Italian Parliament, says she one
worked briefly for the Hungainn
secret police as a "Mata Han" asing sex to try to pry secrets from a
visiting American politician line
Staller, who was born in Bridges
and took the "Cicciolina and took the the same of the "That night I cried with anger and shame," she writes in the 155 page
book. Cicciolina who says she day
not know the real name of the
American politician launched has

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